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OF
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Cancelled

BOARD of SUPERVISORS



46A-3118

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

NOTICE OF CANCELLED MEETING
FINANCE AND LABOR COMMITTEE
SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN that the regular meeting of the Finance and Labor committee scheduled for Wednesday, January 5, 2000, at 10:00 a.m. in committee room at 1 Dr. Carlton B. Goodlett Place, Room 263, City Hall, San Francisco, California, has been cancelled.

Gloria L. Young
Clerk of the Board

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12/2000



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman, Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, January 12, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:09 a.m.

AGENDA CHANGES

REGULAR AGENDA

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991564 [City Employees Commuter Check Benefits]
Supervisor Ammiano

Hearing to consider how to provide commuter check benefits to encourage public transit use by City employees.

8/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

12/15/99, CONTINUED. Continued to January 12, 2000.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991428 [Truth in Disclosure Act]**Supervisor Yee**

Ordinance amending Planning Code Sections 306.1 and 306.3 to require disclosure in a conditional use or variance application and notice for public hearing of the name under which the applicant intends to conduct business, and requiring that applications be signed under penalty of perjury; and authorizing the Zoning Administrator to reject and delay the re-filing of an application that includes material misstatements or omissions; amending Building Code Section 106.3 to require disclosure in a building permit application of the name under which the applicant intends to conduct business, requiring that applications be signed under penalty of perjury, and authorizing the Director of Building Inspection to cancel and delay the re-filing of an application that includes material misstatements or omissions.

(Amending Planning Code Sections 306.1 and 306.3; amends Building Code Section 106.3.)

(Planning Commission Resolution No.14929 adopted November 18, 1999 recommending proposed amendment with revision disclosed in the resolution. Certification of Exemption from environmental review dated September 9, 1999.)

7/19/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 8/18/1999. 7/27/99 - Referred to Planning Commission and Building Inspection Commission for recommendations and review.

10/12/99, SUBSTITUTED. Submitted by Supervisor Yee in Board, bearing same title.

10/12/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 11/11/1999. 10/27/99 - Referred substitute legislation to Planning Commission and Building Inspection Commission for recommendations and review.

12/1/99, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Paul Rosetter, City Planning Department; Supervisor Yee; Supervisor Bierman; Garret Jenkins, Tenderloin Coalition. Amendment of the Whole reflecting amendments from City Planning and sponsor.

12/1/99, RECOMMENDED AS AMENDED.

12/6/99, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Supervisor Yee moved an amendment of the whole bearing new title.

12/6/99, CONTINUED AS AMENDED ON FIRST READING. A request was made to continue this matter to December 13, 1999.

12/13/99, RE-REFERRED to Finance and Labor Committee. Supervisor Yee, seconded by Supervisor Newsom, moved that this matter be continued to December 20, 1999.

Supervisor Teng moved substitute motion to re-refer this matter to Committee.

Heard in Committee. Speakers: Supervisor Yee; Rolf Mueller, Inner Sunset Merchants Association; Pat Christian, Inner Sunset Association; Steven Cornell, Small Business Commission; Garrett Jenkins, North of Market Planning Coalition; Beryl Magilavy; Jerry Clarke, South of Market Coalition; Bud Wilson, Greater West Portal Association; Rae Doyle, Greater West Portal Association; Gerry Crowley, Telegraph Hill Dwellers Association; Anastasia Yovanopoulos, Noe Tenants Association.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

992315 [Funds for emergency winter shelter]**Supervisors Ammiano, Katz**

Ordinance appropriating \$73,353 from the General Fund Reserve to fund an emergency winter shelter for homeless gay/lesbian/bisexual/transgender youth, at the Department of Public Health, for fiscal year 1999-2000.

12/20/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Supervisor Bierman; Eric Politzer, Ark of Refuge, Inc.; Barbara Garcia, Department of Public Health; Sergeant Pablo Ossio, Mission Station, Police Department; Inspector Patrick Stranahan, Fire Department; Rev. Jim Mitulski, Metropolitan Community Church (MCC); Supervisor Yee. Opposed: Tom Morgansen; M. A. Hatakeyama; Lorraine Sherrill, Friends of Noe Valley; Grace Atherton, President, Noe Valley Community Workgroup (NVCW); Alfred Sekara; Hilbert Curran; Rachel Callaghan, NVCW; Sylvia Kundig; Eleanore Gerhardt; Howard Fallon; Mark Stuart Ong; Jerry Steiner; Harry Aleo, Noe Valley Merchants; Renee Stephens, Stephen Fowler; Suzanne Walters; Young & Andrea Wong; Bill Elliott; Anastasia Yovanopoulos, Noe Valley Tenants Association; Michael Louie; Gary Levenberg; Dana Atherton. In Support: Marybeth Wallace; Amy Ahlstrom, Neighbors for the Shelter; John DiDonnit; Vicki Rosen, Upper Noe Neighbors; Anna Mills, Neighbors for the Shelter; Tawnee Walling, MCC; William Wilson; Michael Chertok; Anthony Grumbeck; Sandy O'Neil; Mitch Thompson; Michael Cain; Lisa Jaicks; Charlie Lichtman; Rev. Glenda Hope, S. F. Network Ministries; Jewnbug, Youth Commision; Dain DeMarco; Delphina Brody, Lesbian Avengers. Amended to place \$73,353 on reserve; new title. Supervisor Bierman added as cosponsor.

AMENDED.

Ordinance appropriating \$73,353 from the General Fund Reserve to fund an emergency winter shelter for homeless gay/lesbian/bisexual/transgender youth, at the Department of Public Health, for fiscal year 1999-2000; placing \$73,353 on reserve.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Noes: 1 - Yee

992209 [Sewer Replacement, Filbert/Rose Streets]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer in Filbert Street from Van Ness Avenue to Franklin Street and Rose Street from Gough Street to Market Street - \$248,734.00. (Public Utilities Commission)

(Fiscal impact.)

12/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Donald Chan, Public Utilities Commission. Amended on page 1, line 24 to increase cost projection to \$256,083, and cost of construction contract to \$196,933; same title.

AMENDED.**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

- 992269 [2000-2002 Children's Services Plan (Charter amendment enacted in November 1991) - The Mayor's Office of Children Youth and Their Families creates this plan each year to allocate the Children's Fund] Resolution approving the Children's Services Plan for the San Francisco Children's Fund in accordance with Charter Section 16.018. (Mayor)

12/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. Sponsor requests this item be scheduled for consideration at the January 5, 2000 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Nani Coloretti, Director of Budget and Planning, Department of Children, Youth & Their Families (DCYF); Supervisor Yee; Taj James, Coleman Advocates for Children. Amended on lines 2, 18 and 24 to correct Section number from "16.018" to "16.108"; new title.

AMENDED.

Resolution approving the Children's Services Plan for the San Francisco Children's Fund in accordance with Charter Section 16.108. (Mayor)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000001 [Reserved Funds, Department of Children, Youth and Their Families]

Hearing to consider release of reserved funds, Department of Children, Youth and Their families, (Fiscal Year 1999-2000 Budget), in the amount totaling \$550,000, (\$200,000 in Children's Fund and \$350,000 in General Funds), for the implementation of the School Based Health Pilot Program. (Mayor)

12/22/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Deborah Alvarez-Rodriguez, Director, Department of Children, Youth & Their Families (DCYF); Supervisor Yee; James Loyce, Deputy Director of Health; Sally Chou, Associate Superintendent, S. F. Unified School District; Taj James, Colman Advocates for Children. Amended to only release \$200,000.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 992311 [Lease of property owned by Herbst Foundation on the second floor of 30 Van Ness Avenue for DPH-Children, Youth and Families Section for the term of 5 years at a monthly rate of \$44,325.00]

Resolution authorizing a lease at 30 Van Ness for the Department of Health's Children Youth and Families Section. (Real Estate Department)

12/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 992301 [Acquisition of 4 noise easements for religious assembly buildings (at Alida Way and Alta Vista Drive), City of South San Francisco, in order to satisfy State-mandated noise mitigation requirements]

Resolution authorizing the acquisition of four (4) noise easements for properties in the City of South San Francisco as part of the Airport Commission's aircraft noise insulation program. (Real Estate Department)

12/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 992302 [Acquisition of 195 additional noise easements in the cities of Millbrae and one (1) in South San Francisco for the purpose of satisfying a part of the State-mandated noise mitigation requirements] Resolution authorizing the acquisition of noise easements from 195 property addresses in the cities of Millbrae and South San Francisco as part of the Airport Master Plan Memorandum of Understanding between the Airport and its neighboring communities. (Real Estate Department)
12/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 992303 [Withdrawal of 26 property owners (located in the Cities of Millbrae, San Bruno, Daly City and Pacifica) from noise insulation program for various reasons and delivery of quitclaim deeds to said property owners] Resolution authorizing the conveyance of twenty-six (26) quitclaim deeds to various property owners in San Mateo County to rescind Grants of Easement (noise easement deeds) previously acquired by San Francisco. (Real Estate Department)
12/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 992309 [Permitting non-City workers to perform work for the City because non-City workers can perform work at a lesser cost than City employees - Victim services for the District Attorney] Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract for a lower cost than similar work services performed by City and County employees. (District Attorney)
12/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst. Amended to provide retroactivity; new title.
AMENDED.
Resolution concurring retroactively, with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract for a lower cost than similar work services performed by City and County employees. (District Attorney)
RECOMMENDED AS AMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 992259 [Comprehensive Annual Financial Report, Fiscal Year 1998-1999]
Supervisor Yee
Hearing to consider the Fiscal Year 1998-1999 Comprehensive Annual Audit.
12/6/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ed Harrington, Controller; Supervisor Yee, Supervisor Ammiano.
FILED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 2:10 p.m.

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1/12/00

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 6, 2000

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: January 12, 2000 Finance and Labor Committee Meeting

Item 3 - File 99-2315

Department: Department of Public Health

Item: Supplemental appropriation ordinance for \$73,353 from the General Fund Reserve to fund an emergency winter shelter for homeless gay/lesbian/transgender youth.

Amount: \$73,353

Source of Funds: General Fund Reserve

Description: The proposed supplemental appropriation would be used to fund an emergency winter shelter program targeting lesbian, gay, bisexual, transgender, queer and questioning young adults at the Metropolitan Community Church located at 1508 Church Street, near the intersection of 26th Street in Noe Valley. The proposed program would provide nine to ten beds per night, beginning February 15, 2000 and extending for four months, through June 15, 2000. Under this program, although the Metropolitan Community Church would provide the facility and be paid rent (\$1,000 per month), utilities and building maintenance expenses totaling

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approximately \$7,750 for the four month period, the Ark of Refuge, Inc., a non-profit HIV/AIDS service organization, would provide all of the staffing and other services at a cost of approximately \$65,603.

Budget:

As shown in Attachment I, provided by Mr. Eric Politzer of Ark of Refuge, Inc., the proposed budget totals \$73,353, which is the amount of the proposed supplemental appropriation. However, the Budget Analyst notes that the actual total of the reported budgeted amounts is \$73,253, or \$100 less than the requested amount. Therefore, the proposed supplemental appropriation should be reduced by \$100, from \$73,353 to \$73,253.

Comments:

1. As shown in the budget Attachment I, Ark of Refuge, Inc. would provide 11 staffing positions under the proposed temporary 4-month contract. Mr. Politzer advises that the Executive Director, Project Manager and Finance Officer are existing positions within Ark of Refuge, Inc. The two Lead Counselors (\$15 per hour), two Counselors (\$13 per hour), Janitor (\$10 per hour), Van Driver (\$10 per hour) and Volunteer Coordinator (\$15 per hour) would be hired on a contract basis for the duration of the proposed project. According to Mr. Politzer, Ark of Refuge is proposing a very labor intensive program, which will cost approximately \$18,313 per month (\$73,253 divided by four months) to provide up to ten beds per night due to the highly challenged target group of the clients, which are homeless lesbian, gay, bisexual, transgender, queer and questioning youth, and that most of the staff would be hired on a contract basis for only a limited amount of time.

2. During the FY 1999-2000 budget deliberations, a separate reserve of \$250,000 was established within the Department of Public Health for a permanent Queer Youth Center on Market Street. Ms. Peg Stevenson of the Controller's Office reports that to date, none of the \$250,000 of funds have been expended. However, Ms. Stevenson advises that these previously set aside funds of \$250,000

are intended for a long-term permanent project, and were therefore not used as the source to fund the proposed temporary winter shelter program for gay youth. As noted above, the source of funds for the proposed project is the City's General Fund Reserve.

3. Mr. Politzer advises that Ark of Refuge provided emergency winter shelter for approximately 30 young adults per night at 1025 Howard Street in the South of Market area during the Winter of 1997-98, in response to El Nino and the displacement of homeless persons from Golden Gate Park. According to Mr. Politzer this FY 1997-98 shelter program, which extended for three months, was funded through a contract with the Department of Human Services. Mr. Politzer further advises that Ark of Refuge provided emergency winter shelter for approximately 30 young adults per night at the Eureka Valley Recreation Center on Collingwood Street in the Castro neighborhood during the Winter of 1998-99, at a cost of approximately \$70,000 for a ten-week program. This FY 1998-99 program was funded through a contract with the Mayor's Office of Community Development. According to Mr. Politzer, Ark of Refuge was selected on a sole source basis for this subject project because of their experience in providing similar projects during the past two winters.

4. Ms. Anne Okubo of the Department of Public Health (DPH) reports that DPH does not have additional documentation or budget details on the project. However, Ms. Okubo advises that if the proposed supplemental appropriation ordinance is approved, DPH would develop a new sole source contract with Ark of Refuge, Inc. or could alternatively modify an existing contract with Ark of Refuge, Inc. to provide the requested services. According to Ms. Okubo, Ark of Refuge currently has a \$282,480 contract with DPH to provide residential substance abuse treatment for HIV women.

5. Mr. Politizer advises that a new young adult (ages 18-25) homeless facility is currently being developed by the Larkin Street Youth Center for 40 beds per night at a cost of approximately \$450,000. According to Mr. Politizer, this new facility, to be called Lark Inn, is scheduled to open within the next two months located near the Tenderloin neighborhood.

6. The proposed emergency winter shelter program is scheduled to be effective for the four-month period from February 15, 2000 through June 15, 2000. Based on the Budget Analyst's observation of (1) the relatively high cost of the proposed program (\$73,253), (2) the limited number of clients to be served by the program (9-10 per night), (3) the longer time period than in prior years (FY 1997-98 was three months; FY 1998-99 was ten weeks; proposed program is four months), (4) that the Lark Inn facility for homeless youth near the Tenderloin neighborhood will be open within the next two months and (5) that the program would extend into mid-June, considerably beyond when the City has previously provided emergency winter shelter programs, Mr. Politzer has provided a revised budget of \$54,290, as shown in Attachment II, to reduce the proposed emergency shelter winter program by one month. The proposed program would therefore extend for three months, from February 15, 2000 through May 15, 2000, at an additional cost savings of \$18,963.

Recommendations: Reduce the proposed supplemental of \$73,353 by \$19,063 (\$100 due to the actual amount requested in the budget and \$18,963 due to a reduction of one month of time), resulting in a total requested need of \$54,290. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

Attachment I

DRAFT BUDGET
GOLDEN GATE MCC WINTER SHELTER
(January, 1999 - May, 2000)

Personnel

Executive Director	\$ 1,100
Project Manager	\$ 1,600
Shelter Director	\$ 5,200
Lead Counselors (2)	\$21,600
Counselors (2)	\$ 9,360
Finance Officer	\$ 1,333
Janitor	\$ 3,120
Van Driver	\$ 3,120
Volunteer Coordinator	\$ 1,200

Sub Total \$48,133

Start Up Personnel Costs \$ 3,300

Operating

Rent	\$ 4,000*
Utilities	\$ 2,750*
Phone	\$ 300
Building maintenance	\$ 1,000*
Insurance	\$ 1,000
Printing and reproduction	\$ 500
Advertise job openings	\$ 700
Food	\$ 5,400
Laundry	\$ 2,500
Office Supplies	\$ 400
Resident Supplies	\$ 750
Janitorial Supplies	\$ 1,000

Subtotal \$20,200

Capital

Blankets	\$ 200
Pillows	\$ 250
Pillow cases	\$ 70
Towels	\$ 350
Phone	\$ 150
Phone installation	\$ 250
Kitchen Supplies	\$ 250

Subtotal \$ 1,520

Total \$73,383

*\$7,750 for Metropolitan Community Church

DRAFT BUDGET
GOLDEN GATE MCC WINTER SHELTER
(January, 1999 - May, 2000)

<u>Personnel</u>		<u>Revised</u>
Executive Director	\$ 1,100	\$ 750
Project Manager	\$ 1,600	1,080
Shelter Director	\$ 5,200	3,600
Lead Counselors (2)	\$21,600	16,128
Counselors (2)	\$ 9,360	6,552
Finance Officer	\$ 1,333	1,000
Janitor	\$ 3,120	2,520
Van Driver	\$ 3,120	2,520
Volunteer Coordinator	<u>\$ 1,700</u>	<u>1,440</u>
Sub Total	\$48,133	35,590
Start Up Personnel Costs	\$ 3,300	3,300
<u>Operating</u>		
Rent	\$ 4,000*	3,000**
Utilities	\$ 2,750*	1,000**
Phone	\$ 300	225
Building maintenance	\$ 1,000*	750**
Insurance	\$ 1,000	750
Printing and reproduction	\$ 500	400
Advertise job openings	\$ 700	700
Food	\$ 3,400	3,780
Laundry	\$ 2,500	1,875
Office Supplies	\$ 400	300
Resident Supplies	\$ 750	500
Janitorial Supplies	<u>\$ 1,000</u>	<u>750</u>
Subtotal	\$29,300	14,030
<u>Capital</u>		
Blankets	\$ 200	200
Pillows	\$ 250	250
Pillow cases	\$ 70	70
Towels	\$ 350	250
Placoe	\$ 150	100
Phone installation	\$ 250	250
Kitchen Supplies	<u>\$ 750</u>	<u>250</u>
Subtotal	\$ 1,520	1,370
Total	\$73,383	\$54,290

*\$7,750 for Metropolitan Community Church

**\$4,750 for Metropolitan Community Church

Item 4 - File No. 99-2209

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)
Department of Parking and Traffic (DPT)

Item: Resolution approving the expenditure of funds for the emergency work to replace two structurally inadequate sewers on (a) Filbert Street from Van Ness Avenue to Franklin Street and (b) Rose Street from Gough Street to Market Street.

Amount: \$248,734

Source of Funds: Previously reserved 1995 Series B PUC Sewer Revenue Bond funds

Description: The Public Utilities Commission (PUC) advises that on September 9, 1999, the sewers located on (a) Filbert Street from Van Ness Avenue to Franklin Street and (b) Rose Street from Gough Street to Market Street failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on September 13, 1999. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to Harty Pipelines, Inc. in the amount of \$189,584.

Attachment I, provided by the DPW, contains a description of the subject sewer replacement work.

Budget: The final total project cost was \$256,083, including \$196,933 for construction contract costs, \$28,650 for DPW engineering costs, \$26,500 for DPW construction management costs and \$4,000 for Department of Parking and Traffic (DPT) traffic management costs. As shown in the attached memorandum provided by DPW (Attachment II), the final contract costs of \$196,933 were \$7,349 greater than the original contract amount of \$189,584 because (a) of a debit in the amount \$13,849 for pavement restoration, and (b) a credit in the amount of \$6,500 for actual quantities of materials used during construction, totaling \$7,349 (\$13,849 less \$6,500).

A summary of this budget is as follows:

Final Construction Contract	\$196,933
DPW Bureau of Engineering	28,650
DPW Bureau of Construction Management	26,500
DPT Traffic Management	<u>4,000</u>
Total	\$256,083

Attachment III, provided by the DPW, details the DPW Bureau of Engineering and Bureau of Construction Management costs. DPT traffic management costs of \$4,000 are based upon approximately 44 hours at \$90 per hour for a DPT engineer to design traffic diversion specifications for the proposed project, according to Mr. Peter Cheng of the DPW.

Comments:

1. Invitations for proposals were faxed to 20 contractors on September 16, 1999. Two quotations were received by PUC from qualified contractors on September 17, 1999. PUC reports that Harty Pipelines, Inc. submitted the lowest quotation and was awarded the contract in the amount of \$189,584. The following table lists the contractors who submitted quotations, the amounts of the quotations and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
Harty Pipelines, Inc.	\$189,584	LBE/WBE
JMB Construction	\$214,622	MBE/LBE

2. PUC reports that the replacement of the damaged sewers began on October 13, 1999 and was completed on October 19, 1999.

3. The resolution states that the projected project cost is \$248,734, of which \$189,584 is for the construction contract. However, as noted in this report, the final project cost is \$256,083, of which \$196,933 is for the construction contract.

Recommendations:

1. Amend the proposed resolution to reflect the total projected costs of \$256,083 and the construction costs of \$196,933 in accordance with Comment No. 3 above.

2. Approve the proposed resolution as amended.



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco

DEPARTMENT: Utilities Engineering Bureau AGENDA NO. _____

MEETING DATE November 23, 1999

SUMMARY OF PROPOSED ACTION:

Ratifying the Declaration of Emergency made by the President of the Public Utilities Commission for Clean Water Program Contract No. CW-258E, "Filbert Street/Rose Street Emergency Sewer Replacement," and Requesting the Board of Supervisors to approve the expenditure of funds for the emergency work to replace the structurally inadequate sewer.

DESCRIPTION OF PROPOSED ACTION:

The sewer replacement work being performed under this Emergency is on Filbert Street from Van Ness Avenue to Franklin Street and Rose Street from Gough Street to Market Street.

It consists of traffic routing and trench support work; replacing the existing sewer with approximately 255 feet of 12-inch and 408 feet of 18-inch diameter vitrified clay pipe (VCP) sewer on crushed rock bedding; constructing concrete manholes, 10-inch diameter VCP culverts, and 6 or 8-inch diameter side sewer connections; sliplining the existing 3' x 5' brick sewer with 12-inch diameter VCP sewer; videotaping existing active side sewers; repairing and/or replacing existing defective active side sewers and water traps for catchbasins (deletable bid item); constructing bulkhead wall; removing existing sewer and sewer structures; handling, transportation, and disposal of hazardous wastes, toxic materials, and serpentine soils should they be encountered at the work site (deletable bid item); videotaping the newly constructed main sewer; plugging and filling existing sewer with slurry grout; constructing cut-off walls; supporting, working around, and protecting certain San Francisco Water Department, Fire Department, and other utility agency and company facilities in conjunction with the work under this contract; and performing all related and incidental work; all where and as shown on the contract plans and specifications and in accordance with the San Francisco DPW Standard Specification dated July 1986. The work includes all planning, design, and construction support services (under Job Order No. 0119J).

APPROVALS:

DEPARTMENT /
BUREAU

FINANCE

UTILITIES ENGR.
BUREAU

Michael E. Quan

GENERAL
MANAGER

COMMISSION
SECRETARY

Romaine A. Boldridge

City and County of San Francisco



Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, Architect, AIA, Director



(415) 554-8333
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<http://www.sfpw.com>

Department of Public Works
Bureau of Engineering
Hydraulic Engineering
1680 Mission Street, 2nd Floor
San Francisco, CA 94103-2414
Norman W. Chan, Section Manager

MEMORANDUM

To: Severin Campbell
Board of Supervisors Budget Analyst Office

Date: January 6, 2000

From: Christine Tang *CTang*
Assistant Project Manager

Subject: Job Order No. 0119J, Contract No. CW-258E, "Filbert/ Rose Streets
Emergency Sewer Replacement"

The following information serves to clarify the cost changes for the emergency construction contract.

The contract was awarded for \$189,584.00. A construction change order was issued in the debit amount of \$13,849.00 to perform pavement restoration that was required in order to comply with the Street Construction Coordination Center (SCCC) regulations. A credit amount of \$6,500.00 was also issued to adjust for actual quantities used during construction. This brought the final contract cost to \$196,933.00.

If you have any questions, please feel free to contact me at 554-8331. Thank You.

cc. Norman Chan, Project Manager

"IMPROVING THE QUALITY OF LIFE IN SAN FRANCISCO" We are dedicated individuals committed to teamwork, customer service and continuous improvement in partnership with the community.

Customer Service

Teamwork

Continuous Improvement

**Cost Breakdown for (J.O. 0119J, Contract CW-258E)
Filbert Street/Rose Street Sewer System Improvement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5505	Project Manager II	\$92	16	\$ 1,472
5206	Associate Civil Engineer	\$75	112	\$ 8,400
5202	Junior Engineer	\$50	100	\$ 5,000
5366	Civil Engineering Associate II	\$60	160	\$ 9,600
5381	Student Trainee II	\$33	60	\$ 1,980
1426	Secretary	\$43	50	\$ 2,150
				\$28,602
				Rounded \$28,650

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$100	16	\$ 1,600
5208	Civil Engineer	\$80	30	\$ 2,400
5204	Assistant Civil Engineer	\$59	100	\$ 5,900
6318	Construction Inspector	\$74	224	\$16,576
				\$26,476
				Rounded \$26,500

Post-it® Fax Note	7671	Date	# of pages ▶
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Fax #	252-6461	Fax #	

Item 5 – File 99-2269

Department: Department of Children, Youth, and Their Families (DCYF)

Item: Resolution approving the Children's Services Plan for the San Francisco Children's Fund in accordance with Charter Section 16.018.

Description: Proposition J, commonly known as the "Children's Amendment", was approved by the electorate in November of 1991. The Children's Amendment amended the Charter to require the establishment of the San Francisco Children's Fund. The San Francisco Children's Fund augments the existing level of expenditures for services and programs for children.

The Children's Amendment requires that the Mayor submit to the Board of Supervisors, by December of each year, a "Children's Services Plan" for the next fiscal year to specify the goals and objectives to be achieved through expenditures from the Children's Fund, to outline proposals for expenditures from the Children's Fund, and to recommend City Departments to administer the funded programs. The Department of Children, Youth, and Their Families (DCYF) has submitted a Children's Services Plan for a two-year period, from July 1, 2000 through June 30, 2001 and from July 1, 2001 through June 30, 2002. The proposed resolution would approve the FY 2000-2001 and FY 2001-2002 Children's Services Plan.

Budget: The proposed FY 2000-2001 Children's Services Plan has a projected budget of \$17,386,005 and the FY 2001-2002 Children's Services Plan has a projected budget of \$18,255,305.

The budget previously approved by the Board of Supervisors for FY 1999-2000 and the proposed budgets for FY 2000-2001 and FY 2001-2002 are as follows:

Memo to Finance and Labor Committee
January 12, 2000 Finance and Labor Committee Meeting

	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	<u>FY 2001-2002</u>
City Department			
Programs	\$ 1,857,832	\$ 1,857,832	\$1,857,832
Community Based			
Programs	14,282,100	13,620,695	14,409,651
Evaluation	700,000	300,000	300,000
Administration	<u>1,497,781</u>	<u>1,607,478</u>	<u>1,687,822</u>
Total	\$18,337,713	\$17,386,005	\$18,255,305

The Attachment, provided by DCYF, contains further budget details for the proposed Children's Services Plan budget for each fiscal year.

Comments:

1. The Children's Amendment requires that the City maintain a level of expenditure for children's services which is equal to or greater than the level of expenditure in FY 1990-91 or 1991-92, whichever is greater, and sets aside a certain percentage of Property Tax revenues to fund additional services above and beyond the level of services funded prior to adoption of the Children's Amendment. The amount of these Property Tax revenues is 2.5 cents per \$100 of assessed valuation for FY 2000-2001. The Children's Amendment will expire after a total of ten years on June 30, 2002.

2. In 1992, the Controller certified that the City's appropriations for children's services prior to adoption of the Children's Amendment totaled approximately \$50 million. This baseline amount of approximately \$50 million represents the required minimum expenditure by the City for children's services in each of the ten fiscal years. Each succeeding year, the baseline amount is adjusted annually by the percentage change in aggregate City appropriations since the base year.

3. The amount of the Children's Fund appropriation in the approved FY 1999-2000 budget is \$18,337,713. According to the Controller's Office, the estimated Children's Fund amount of \$17,386,005 to be appropriated for FY 2000-2001 and \$18,255,305 to be appropriated for FY 2001-2002 are based on current estimates of Property Tax revenues for those years.

BOARD OF SUPERVISORS
BUDGET ANALYST

According to Mr. Joe Matranga of the Controller's Office, the projected budgets for FY 2000-2001 and FY 2001-2002 are less than the approved budget for FY 1999-2000 because the FY 1999-2000 Children's Fund appropriation included one-time funding¹.

4. The Children's Amendment requires a public planning process, in which public hearings are to be held by the Health Commission, Juvenile Probation Commission, Human Services Commission, Public Library Commission, Recreation and Park Commission, and Youth Commission. According to Ms. Deborah Alvarez-Rodriguez of DCYF, such hearings were held on November 17, 1999, November 18, 1999, December 6, 1999, and December 7, 1999.

5. The administrative costs in FY 1999-2000 of \$1,497,781 represent 8.2 percent of the total Children's Services Plan budget for FY 1999-2000. However, as noted in the Attachment provided by DCYF, the proposed FY 2000-2001 and FY 2001-2002 Children's Services Plan budgets include administrative costs of 9.2 percent compared to the 8.2 percent level in FY 1999-2000. According to Ms. Alvarez-Rodriguez, the increased percentage level of administrative costs for FY 2000-2001 and FY 2001-2002 over FY 1999-2000 have resulted from an increase in rent² and from increased administrative support for Proposition 10, Tobacco Tax revenues allocated for children's services, and the Children's Planning Advisory Council (CPAC)³.

The Children's Amendment contains no language specifying maximum administrative costs. These administrative costs would support DCYF activities, a Children's Services Plan community assessment process, technical services, and administrative costs at the various departments receiving Children's Fund monies.

¹ Mr. Matranga states that the Children's Fund carried forward a balance of \$1,565,000 from FY 1998-99 that was included in the FY 1999-2000 appropriation.

² The increase in rent is a result of an additional 1,217 square feet of office space and an increase in the rental rate (File 99-2073).

³ Ms. Alvarez-Rodriguez states that DCYF has entered into a Memorandum of Understanding with CPAC to provide office space and administrative support, effective February of 2000.

6. According to Ms. Alvarez-Rodriguez, the Board of Supervisors approved a two-year cycle for the planning and allocation of Children's Fund monies when the FY 1999-2000 Children's Services Plan was reviewed. Therefore, DCYF has submitted this Children's Services Plan for the two-year period from July 1, 2000 through June 30, 2001, and July 1, 2001 through June 30, 2002. Ms. Alvarez-Rodriguez states that DCYF will present an update to the subject Children's Services Plan for FY 2001-2001 and the annual Children's Fund appropriation recommendation to the Board of Supervisors in December of 2000 for review and approval, in accordance with current requirements of the Children's Amendment.

7. Approval of the proposed resolution would not authorize the appropriation of any funds, but would approve the Children's Services Plan from July 1, 2000 through June 30, 2002, in conformance with the Charter. The expenditure of all funds would still be subject to appropriation approval by the Board of Supervisors in the FY 2000-2001.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

DCYF BUDGET

Expense	Budget FY 1999/2000	Projected Budget FY 2000/2001	Projected Budget FY 2001/2002
Administrative:			
Salary	\$ 886,081	\$ 912,663	\$ 940,043
Fringe Benefits	214,800	221,230	227,867
Rent*	127,400	196,000	234,000
Materials and Supplies	50,500	52,015	53,575
Agency Support	30,000	30,900	31,827
Other Office Expenses	126,620	130,419	134,331
Travel/Training	27,680	28,510	29,366
Services of Other Depts**	34,700	35,741	36,813
Total Admin Expenses	\$ 1,497,781	\$ 1,607,478	\$ 1,687,822
Funding for CBO's	\$ 14,282,100	\$ 13,620,695	\$ 14,409,651
Funding for City Depts	\$ 1,857,832	\$ 1,857,832	\$ 1,857,832
Evaluation	\$ 700,000	\$ 300,000	\$ 300,000
Total Expenses & Children's Fund			
Revenue:	\$ 18,337,713	\$ 17,386,005	\$ 18,255,305
Administrative Expense as a			
Percentage of the Total Fund:***	8%	9%	9%

* The Increase in rent is a result of 1) an additional 1,217 square feet of additional space, and 2) a rent increase per square foot.

**\$34,700 is \$150,000 less than \$184,700, the amount that appears in the 1999-2000 Annual Appropriation Ordinance. The \$150,000 is represented here as a portion of the \$1,857,832 allocated to "Funding for City Departments" as per the Children Services Plan developed in 1998-99.

*** Administrative costs have increased due to 1) an increase in rent and 2) administrative support for Proposition 10 and the Children's Planning Advisory Council (CPAC).

Item 6 – File 00-0001

Department: Department of Children, Youth, and Their Families (DCYF)

Item: Hearing to consider release of reserved funds in the amount of \$550,000 for the implementation of the School Based Health Pilot Project.

Amount: \$550,000

Source of Funds: Funds previously appropriated and reserved by the Board of Supervisors in the FY 1999-2000 DCYF budget. According to Ms. Deborah Alvarez- Rodriguez of DCYF, of the \$550,000, \$200,000 comes from the Children's Fund and \$350,000 comes from the General Fund.

Description: During the FY 1999-2000 budget process, the Board of Supervisors placed \$550,000 on reserve for the School Based Health Pilot Program. Funds for the School Based Health Pilot Program were placed on reserve by the Board of Supervisors, pending the submission of program and budget details, and obtaining a revenue contribution from the SFUSD. DCYF convened a School Health Task Force in August of 1999, comprised of 17 members, including representatives from the Department of Public Health (DPH), the San Francisco Unified School District (SFUSD), and private and public agencies, to develop a proposal for the School Based Health Pilot Program. The purpose of the School Based Health Pilot Program is to increase access to health services for public school students by providing such services at the school site or by creating links with community based health services.

The Task Force has recommended that two high schools, Lincoln and Galileo High Schools, be selected as the sites for the pilot program. Each high school would be allocated \$275,000 in funds (one-half of \$550,000), and would develop a budget and spending plan for the \$275,000, incorporating the recommendations of the Task

Force and the Local School Health Promotion Committee¹. The two high schools would be able to select health services for its students from a menu of services, including mental health and psycho-social services, referrals to off-site services, and physical health services. Funds would also be used for quality assessment of the services provided and for program management, billing, and administration costs.

Comments:

1. According to Ms. Deborah Alvarez- Rodriguez of DCYF, the pilot program would be a one-time only program, beginning February 1, 2000 and ending December 31, 2000. Ms. Alvarez-Rodriguez states that each high school would be able to expend up to \$275,000 to provide the selected health services to students. Of the \$275,000, \$13,750, or 5 percent of the total allocation, would be available for quality assurance performed by DPH nursing or physician staff. Additionally, Ms. Alvarez-Rodriguez states that each school would be reimbursed for no more than \$41,250, or 15 percent of the total allocation, for program management, administration and billing costs. Ms. Alvarez-Rodriguez advises that each school would be required to set up a billing system in order to bill other funding sources, such as Medi-Cal.

2. Ms. Alvarez-Rodriguez states that the SFUSD would contribute \$28,000 from the Tobacco Use Education Grant and \$70,000 from the Safe School/Healthy Student Initiative for the School Based Health Pilot Project, totaling \$98,000.

Ms. Alvarez-Rodriguez states that the SFUSD funds would be used to provide nursing services, quality assurance activities, and other programs at Galileo and Lincoln High Schools as part of the School Based Pilot Program. In addition, DPH Community Mental Health Services currently provides mental health services at Galileo High School, which would also be included in the School Based Pilot Program.

¹ The Local School Health Promotion Committee is a school-based committee, mandated by the California Education Code and comprised of parents, teachers, students, and community-based organizations.

3. Ms. Alvarez-Rodriguez advises that some of the school-based health care services, which would be part of the School Based Health Pilot Project, would be eligible for reimbursement from Medi-Cal² and Temporary Aid to Needy Families (TANF) funds.

4. Ms. Alvarez-Rodriguez reports that Galileo and Lincoln High Schools would purchase health services, which are currently provided by DPH or SFUSD, either directly or through contracts with community-based organizations, for their students. DCYF would allocate \$550,000 in subject funds to the SFUSD Department of School Health Programs to be used by Lincoln and Galileo High Schools (\$275,000 per high school). The Department of School Health Programs would be responsible for reimbursing each of the two high schools for their expenditures for health services under the pilot program.

5. Ms. Alvarez-Rodriguez states that the School Health Promotion Committee at each high school would determine and coordinate which health services were to be provided to meet the needs of students at each school. The SFUSD Department of School Health Programs, in conjunction with the Citywide School Health Planning Committee, would be responsible for monitoring the expenditures and delivery of services. The Steering Committee, which includes Deputy Director of DPH James Loyce, SFUSD Interim Superintendent Linda Davis, and Director of DCYF Deborah Alvarez-Rodriguez, would oversee the program.

6. According to Ms. Alvarez-Rodriguez, DCYF has an existing program with SFUSD, the Healthy Start Program, which provides health services to middle school students. Ms. Alvarez-Rodriguez states that DCYF allocated \$225,000 to SFUSD Department of School Health Programs in FY 1999-2000 to provide similar services in the middle schools. Ms. Alvarez-Rodriguez

² Ms. Alvarez-Rodriguez states that Washington High School (which is not part of the pilot program) currently bills Medi-Cal for 70 percent of mental health services provided to students and that the remaining 30 percent comes from General Fund monies. Additionally, Ms. Alvarez-Rodriguez states that DPH has estimated that Galileo High School, which is part of the pilot program, could receive approximately 10 to 15 percent reimbursement from Medi-Cal for providing mental health services to students.

states that DCYF would modify its existing contract with SFUSD to provide the health services for the School Based Health Pilot Program.

7. Ms. Alvarez-Rodriguez states that, because Lincoln and Galileo High Schools would be reimbursed by the Department of School Health Programs for School Based Health Pilot Program services to students when such services are provided, DCYF does not have a detailed budget for the School Based Health Pilot Program.

Recommendation: Approval of the release of reserved funds is a policy matter for the Board of Supervisors.

Item 7 - File 99-2311

Department: Department of Public Health (DPH)
Department of Real Estate (DRE)

Item: Resolution authorizing a new lease at 30 Van Ness Avenue for the Department of Public Health's Children, Youth and Families Section.

Location: 30 Van Ness Avenue, second floor

Purpose of Lease: To provide space for the DPH's Children, Youth and Families Section.

Lessor: Herbst Foundation

Lessee: The City and County of San Francisco, acting by and through the DPH.

No. of Sq. Ft. and Cost Per Month: 19,688 square feet at a monthly rental rate of \$44.325 (approximately \$2.25 per square foot).

Annual Cost: \$531,900

Utilities and Janitorial Service: Provided by Lessor.

Term of Lease: March 1, 2000 to February 28, 2005 (five years)

Right of Renewal: Two options of five years each to extend the term of the lease. The first option to extend would adjust the rent for cost of living. The second option to extend would increase the rent to fair market value.

Source of Funds: \$177,300 within the existing FY 1999-2000 DPH budget (four months, March to June of 2000. at \$44.325 rent per month). The amount of \$177,300 comprises (a) \$5,319 in Federal grant funds, (b) \$56,736 in State grant funds, and (c) \$115,245 in General Fund monies.

Description: The proposed resolution would authorize a new five year lease of 19,688 square feet of space at 30 Van Ness Avenue from the Herbst Foundation. This space would

accommodate the DPH's Children, Youth and Families Section.

Comments:

1. The 107 employees that staff the DPH's Children, Youth and Families Section are currently located in 12,750 square feet of the Sobel Building, 680 8th Street, on a month-to-month holdover tenancy following the DPH lease's expiration on May 31, 1998. According to Mr. Charles Dunn of the DRE, the lease has been on a month-to-month basis since June 1, 1998 because of (a) lengthy negotiations which ultimately did not materialize in obtaining space for various DPH divisions at 1890 Bryant Street, and (b) difficulty in locating affordable space at alternative rental locations.

2. Prior to the lease's expiration, the monthly rental rate was \$22,700. For the 20 months between June of 1998 and January of 2000, the monthly rent increased to \$33,150. According to Mr. Dunn, for the two months of February and March of 2000, the monthly rent would increase to \$44,625, and effective April 1, 2000, the monthly rent is to increase to \$66,937.50. Mr. Dunn states that the monthly rent of \$66,937.50 represents fair market value for office space in the South of Market areas known as "Media Gulch" which is currently experiencing significant rent increases.

3. Under the proposed lease, the 107 employees of the DPH's Children, Youth and Families Section would be located in 19,688 square feet of space at 30 Van Ness Avenue. The new location would provide DPH with 6,938 square feet more than the current Sobel Building space of 12,750 square feet. This would increase the average square feet per employee from approximately 119 to 184, or an increase of 65 square feet per employee. The attached memorandum, provided by Ms. Judy Schutzman of the DPH, explains why the DPH needs the additional space.

4. The Lessor, the Herbst Foundation, would provide, at no cost to the City, tenant improvements pursuant to the DPH's specifications up to a maximum cost of \$472,800. Completion of these improvements would be expected by March 1, 2000. Ms. Schutzman states that the DPH would be responsible for any additional tenant

BOARD OF SUPERVISORS
BUDGET ANALYST

improvement costs related to signage and window coverings. The costs of these additional tenant improvement costs, estimated not to exceed \$20,000, would be met from within DPH's FY 1999-2000 budget, according to Ms. Schutzman.

5. The proposed lease provides for a monthly rent of \$44,325 for its five year term commencing March 1, 2000. This proposed rent is \$11,175 more than the current rent charged to DPH of \$33,150. However, the proposed monthly rent of \$44,325 is \$22,612.50 less than the \$66,937.50 monthly rental rate which would be charged for the existing space at the Sobel Building effective April 1, 2000. Mr. Dunn states that the proposed monthly rental rate of \$44,325 represents fair market value.

Recommendation: Approve the proposed resolution.



City and County of San Francisco
Department of Public Health
Population Health and Prevention

Attachment

1380 Howard Street, 5th Floor
San Francisco, CA 94103-2614
(415)255-3405 FAX (415)252-3015

MEMORANDUM

Date: December 29, 1999

To: Alan Gibson
Board of Supervisors Budget Analyst

From: Judy Schutzman
Population Health and Prevention

Subject: File #99-2311

Please correct the current square footage I supplied you in my previous memo. The correct figure is 12,750. For 107 staff this translates to 119 square feet per person. The increase in square feet per person is 65.

In addition to relieving general overcrowding, the expanded space is needed to provide:

1. Private space for eligibility workers who must conduct confidential interviews. At present, this staff shares a small, open office.
2. Storage for active, confidential medical records in accordance with State requirements. Management has been notified that current storage does not provide sufficient security.
3. Space for the development and storage of posters, brochures, and other educational materials provided to the public.
4. Meeting space for public information presentations.
5. Secure storage for large quantities of WIC vouchers for distribution to clients.

Memo to Finance and Labor Committee
January 12, 2000 Finance and Labor Committee Meeting

Items 8, 9 and 10 – Files 99-2301, 99-2302, and 99-2303

Department: Airport
Department of Real Estate (DRE)

Item: File 99-2301

Resolution authorizing the Director of Property to acquire four noise easements for four church facilities in the City of South San Francisco as part of the Airport's Aircraft Noise Insulation Program.

File 99-2302

Resolution authorizing the Director of Property to acquire 195 noise easements from the owners of 195 properties in the Cities of Millbrae and South San Francisco as part of the Airport's Aircraft Noise Insulation Program.

File 99-2303

Resolution authorizing the conveyance of 26 quitclaim deeds to various property owners in San Mateo County to rescind noise easements previously acquired by the Airport.

Amount: \$3,471,958, including \$559,958 (File 99-2301) and \$2,913,000 (File 99-2302)

Source of Funds:	Airport Capital Projects	
	Commercial Paper Fund	\$558,958
	FY 1999-2000 Airport budget	<u>2,913,000</u>
	TOTAL	\$3,471,958

Description: In 1992, the Airport entered into a Memorandum of Understanding (MOU) with the five neighboring cities of Daly City, Millbrae, Pacifica, San Bruno, and South San Francisco to pay for a portion of the costs of insulating private residences in those cities against aircraft noise. The Airport has committed up to \$120,000,000 to provide funds to the five cities which have signed the MOU with the Airport.

In addition, the Federal Aviation Administration (FAA) provides funding, generally in the amount of 80 percent of the costs, to noise insulate private residences and other noise-sensitive facilities such as churches and schools within the 1995 Noise Exposure Map (NEM) area around the Airport. The 1995 NEM area is smaller than the area covered by the Airport's MOU with the five neighboring cities. For properties in the 1995 NEM area receiving 80 percent FAA noise insulation funding, the Airport pays the remaining 20 percent of the insulation costs (as is proposed under File 99-2301). The Airport's 20 percent contributions are funded by the Airport's Capital Projects Commercial Paper Fund.

For those private residences which are located outside the 1995 NEM area eligible for FAA funding but which are located within the area covered by the Airport's MOU with the five neighboring cities, the Airport will contribute up to 100 percent of the noise insulation costs (as is proposed under File 99-2302). In these cases, the Airport contributes from its \$120,000,000 fund.

By providing funds to cover the costs of insulating residences and other facilities against Airport noise, the Airport can eliminate potential lawsuits through obtaining noise easements from the property owners which permit the Airport to conduct flight operations that would cause noise and vibration on the properties. According to the DRE, to date the Airport has acquired approximately 8,000 noise easements for properties located in the five MOU signatory cities.

File 99-2301

Approval of this proposed resolution would authorize the Airport to acquire four noise easements from (a) St. Veronica's Catholic Rectory, Church, and Parish Hall, (b) St. Veronica's Convent and School, (c) New Covenant Presbyterian Church, and (d) Alta Vista Church of Christ, all of which are located in South San Francisco. These noise easements would remain in effect for 20 years. The total estimated insulation costs are \$2,239,651. As these church facilities are located within the 1995 NEM area, South San Francisco will receive a FAA grant of

BOARD OF SUPERVISORS
BUDGET ANALYST

\$1,680,693 (approximately 75 percent) and the Airport would provide funding of \$558,958 (approximately 25 percent). According to Ms. Sally Osaki of the Airport, the City will contribute 25 percent, rather than the customary 20 percent, of the funding because of the unexpectedly high costs of insulating these church facilities. Ms. Osaki states that the City of South San Francisco submitted a FAA grant application based on preliminary costs which proved to be lower than the final estimate. In order to facilitate the insulation of the subject church facilities, the Airport agreed to make up the funding shortfall, according to Ms. Osaki.

File 99-2302

Approval of this proposed resolution would authorize the Airport to acquire up to 195 noise easements for 194 residences in Millbrae and one residence in South San Francisco. Such easements would remain in force for a period of 20 years.

File 99-2303

Approval of this proposed resolution would permit 26 property owners, from whom the Airport had previously acquired noise easements, to withdraw from the Aircraft Noise Insulation Program. The 26 subject properties are located in the four cities of Daly City, Millbrae, Pacifica, and San Bruno. Attachment I is a memorandum from Mr. John Panieri of the DRE explaining why the 26 property owners want to withdraw from the Aircraft Noise Insulation Program.

Comments:

1. Regarding File 99-2301, Ms. Osaki states that the Airport's estimated cost to acquire the noise easements from the four church facilities would not exceed \$558,958, or 25 percent of the total insulation costs of \$2,239,651. However, according to Ms. Osaki, since the FAA grant funds will not be paid to the City of South San Francisco until after completion of the noise insulation project, the Airport has agreed to advance South San Francisco the total cost of \$2,239,651 to expedite completion of this project. South San Francisco will then reimburse the Airport its 75 percent share of \$2,239,651 upon receipt of

the FAA grant funds. Ms. Osaki states that the Airport anticipates advancing the funds to the South San Francisco in late January or February of 2000 and will require repayment from South San Francisco by December 31, 2000, approximately 11 months later. The Budget Analyst estimates that the interest cost to the Airport as a result of advancing the additional \$1,680,693 funds to South San Francisco for an 11 month period would be approximately \$90,897 based on the December 1999 Treasurer's pooled interest earnings rate of 5.9 percent.

2. Regarding File 99-2302 which would permit the Airport to acquire noise easements from the owners of 195 properties in the Cities of Millbrae and South San Francisco, Ms. Osaki states that the Airport would be liable for costs of up to \$2,913,000. The amount of \$2,913,000 comprises:

- (a) \$2,910,000 (194 x \$15,000) for full funding of noise insulation of 194 private residences in Millbrae which are not eligible for FAA funding because, although they are located within the area covered by the Airport's MOU with the five neighboring cities, they are located outside the 1995 NEM area eligible for FAA funding; and
- (b) \$3,000 (20% of \$15,000) for 20 percent funding of one private residence in South San Francisco which is eligible for FAA funding because it is located within the 1995 NEM area eligible for such FAA funding.

3. Regarding File 99-2303 which would permit 26 property owners, from whom the Airport had previously acquired noise easements, to withdraw from the Aircraft Noise Insulation Program, Ms. Osaki states that the Airport has already paid up to \$390,000 to Daly City, Millbrae, Pacifica, and San Bruno. This represents up to \$15,000 for each of the 26 residences whose owners now wish to withdraw from the Aircraft Noise Insulation Program. Attachment II is a memorandum from Ms. Osaki addressing the reimbursement of such funds to the Airport.

4. Ms. Paula Jesson of the City Attorney's Office advises that the proposed quitclaim deeds under File 99-2303, which would rescind the noise easements purchased by the Airport from 26 property owners, would create no new legal exposure for the Airport because the owners of the properties in question have voluntarily declined to participate in the publicly funded Aircraft Noise Insulation Program. The Airport will still have complied with State airport noise regulations by virtue of having offered noise insulation to these owners, according to Ms. Jesson.

5. The City Attorney's Office has previously reported that the purchase of noise easements enables the City to comply with State legal requirements and should result in eliminating costs to defend against noise-related lawsuits.

Recommendation: Approve the proposed resolutions.

City and County of San Francisco

Real Estate Division
Administrative Services Department

MEMORANDUM

January 4, 2000

TO: Harvey Rose
Budget Analyst

FROM: Harry J. Quinn
Assistant Director of Property

SUBJECT: Resolution authorizing conveyance of 26 quitclaim deeds to property owners in San Mateo County to rescind grants of noise easements previously acquired.

In conversation between Allan Gibson of your staff and John Panieri of this department, the following is a summary of the most common reasons, based on our understanding, that property owners have given for wanting to withdraw from the noise insulation program:

1. Owners want to sell the uninsulated home and not commit a potential buyer to the rights that are granted to the Airport under the easement;
2. Owners want to withdraw from the program because some aspect of the planned insulation fails to meet their perceived expectations; and
3. Owners do not want to pay for additional structural repairs that are not covered under the MOU programs, i.e., dry wood rot damage to be corrected before installation of acoustical windows and doors.

Should you have any questions regarding this matter, please call John Panieri at 554-9864.

cc: Allan Gibson, Budget Analyst



San Francisco International Airport

P.O. Box 8097
 San Francisco, CA 94128
 Tel: 650.794.5000
 Fax: 650.794.5005
 www.flysfo.com

January 4, 2000

Alan Gibson
 Budget Analyst's Office
 1390 Market Street
 Suite 1025
 San Francisco, CA 94102

File 99-2303

Dear Mr. Gibson:

Advances previously disbursed for quitclaim deeds are reimbursed to the Airport through adjustments made in subsequent advances paid to the cities.

Very truly yours,

Sally Osaki
 Sr. Administrative Analyst

AIRPORT
 COMMISSION
 CITY AND COUNTY
 OF SAN FRANCISCO

WILLIE L. BROWN, JR.
 MAYOR

HENRY E. BERMAN
 PRESIDENT

LARRY MAZZOLA
 VICE PRESIDENT

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN
 AIRPORT DIRECTOR

Item 11 – File 99-2309

Department: District Attorney

Item: Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can continue to be practically performed for the District Attorney's Victim Witness Assistance Program by a private contractor for a lower cost than similar work services performed by City employees.

Services to be Performed: Victim Witness Services for the District Attorney's Victim Witness Assistance Program

Description: Victim Witness Services for the District Attorney's Victim Witness Assistance Program consist of helping lesbian, gay, bisexual, and transgender victims and witnesses to cooperate with the criminal justice system in prosecutions.

Charter Section 10.104 provides that the City may contract with private firms for services which can be practically performed for a lower cost than similar work performed by City employees.

The Controller has determined that contracting Victim Witness Services for FY 1999-2000 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$110,637	\$131,231
Fringe Benefits	<u>26,332</u>	<u>29,569</u>
Total	\$136,969	\$160,800
<u>Contractual Services Cost</u>	<u>(92,745)</u>	<u>(94,026)</u>
<u>Estimated Savings</u>	\$44,224	\$66,774

Comments:

1. A contract for Victim Witness Services was first certified under Proposition J as required by Charter Section 10.104 in 1981 and such services have been provided by an outside contractor, Community United Against Violence (CUAV), a non-profit corporation, since that time. Ms. Tricia Stapleton of the District Attorney's Office advises that Victim Witness Services are provided on a sole-source basis by CUAV. According to Ms. Stapleton, since 1981 CUAV has been the sole provider of (a) assistance to lesbian, gay, bisexual, and transgender victims of crime and (b) hate-crime prevention services, and is therefore uniquely qualified to provide such services.
2. The Contractual Services Cost used for the purpose of the analysis is based on (a) CUAV's estimated FY 1999-2000 costs to provide victim witness services, and (b) the salary and fringe benefits of 0.1 FTE S131 Victim Witness Investigator II position in the District Attorney's Office to monitor the contract.
3. The FY 1998-99 contract with CUAV to provide Victim Witness Services expired on June 30, 1999. The renewed one-year contract with CUAV commenced on July 1, 1999. Therefore, the proposed resolution should be amended to provide for retroactivity. According to Ms. Stapleton, delays in processing the contract resulted in a delay in bringing the proposed resolution to the Board of Supervisors.

4. The Controller's supplemental questionnaire, with the responses from the District Attorney's Office, is attached.

Recommendation: Amend the proposed resolution for retroactivity and approve the proposed resolution as amended.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: District AttorneyCONTRACT SERVICES: Community United Against ViolenceCONTRACT PERIOD: 7/1/99 - 6/30/00

- (1) Who performed the activity/service prior to contracting out?

The services were not provided prior to contracting out with CUAU.

- (2) How many City employees were laid off as a result of contracting out?

None.

- (3) Explain the disposition of employees if they were not laid off.

The services were not provided by the City of San Francisco prior to the initial contract with CUAU; therefore, City employees have never been involved in the services.

- (4) What percentage of City employees' time is spent of services to be contracted out?

None.

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Services have been contracted out since 7/1/81; the request will likely be on-going.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1981-82. Yes.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

CUAU has established goals of hiring minority and women employees.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

CUAU provides health insurance for its employees.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Dependent coverage includes coverage for domestic partners.

Department Representative: Tricia Stanleton, Director of SFDA Victim ServicesTelephone Number: 553-9044

Item 12 – File 99-2259

1. This is a hearing to consider the Fiscal Year 1998-99 Comprehensive Annual Financial Report (CAFR) which presents the results of the City's annual financial audit. The FY 1998-99 CAFR was issued by the Controller on November 30, 1999. In an accompanying memorandum to the Mayor and the Board of Supervisors, the Controller stated that the City's General Fund finished FY 1998-99 with a budget surplus of \$126,357,000, or \$19,537,000 more than the \$106,820,000 estimated surplus that was used as a revenue source to fund the FY 1999-2000 General Fund budget. The Controller reported that of the \$19,537,000 in additional surplus, \$8,700,000 represents advance payments of FY 1999-2000 revenues from the Bank of America settlement, and \$10,837,000 represents new funds resulting from increased revenues and expenditure savings. The approximately \$8,700,000 for the Bank of America settlement has been specifically appropriated in the FY 1999-2000 budget. Therefore, the total FY 1998-99 surplus used as a source of revenue to fund the FY 1999-2000 budget was \$115,520,000 (\$106,820,000 estimated surplus plus \$8,700,000 from the Bank of America settlement).

2. According to the Controller's November 30, 1999 memorandum, the \$126,357,000 General Fund surplus resulted from the receipt of \$79,300,000 more in revenues than budgeted for FY 1998-99, expenditure savings of approximately \$17,000,000 and \$30,000,000 from a combination of surplus from prior year's revenues offset by additions to City reserves designated by the Controller. Attachment 1, provided by the Controller, is a letter discussing the General Fund surplus with accompanying revenue and expenditure comparison tables.

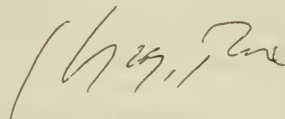
3. Attachment 2 presents an analysis of the General Fund balance as of June 30, 1999 and June 30, 1998 based on information presented in the respective Comprehensive Annual Financial Reports. The June 30, 1999 total General Fund balance is \$361,008,000. This total General Fund balance includes reservations¹ of \$205,138,000, designations² of \$29,513,000 and an unreserved fund balance available for appropriation of \$126,357,000. As previously noted, \$106,820,000 of the unreserved fund balance was appropriated as a revenue source to fund the FY 1999-2000 budget, leaving \$19,537,000 as surplus funds available for appropriation. As noted above, the Controller also reported that of the \$19,537,000 in additional General Fund monies, \$8,700,000 represents advance payments of FY 1999-2000 revenues from the Bank of America settlement that has already been appropriated in the FY 1999-2000 budget. Therefore, the new funds available for appropriation amount to \$10,837,000. This \$10,837,000 is in addition to the \$28,500,000 General Fund Reserve originally included in the FY 1999-2000 budget.

¹ Reservations of fund balances indicate that portion of fund equity which is not available for appropriation for expenditure or is legally segregated for a specific future use.

² Designations of fund balances indicate that portion of fund equity that is not available for appropriation based on management's plans for future use of the funds.

4. Attachment 2 also provides fund balance data for FY 1997-98. The June 30, 1999 General Fund balance was \$346,358,000. This total fund balance includes reservations of \$176,289,000, designations of \$24,737,000 and an unreserved fund balance available for appropriation of \$145,332,000. Of the total unreserved fund balance, \$101,900,000 was appropriated as a source of funds for the FY 1998-99 budget, leaving \$43,432,000 as surplus funds available for appropriation. The \$43,432,000 was in addition to the General Fund Reserve of \$25,000,000 originally included in the FY 1998-99 budget.

5. The use of any surplus funds, either funds originally included in the General Fund Reserve after adoption of the final FY 1999-2000 budget (\$28,500,000) or the additional \$10,837,000 in surplus funds identified in the CAFR, would be subject to appropriation approval by the Mayor and the Board of Supervisors. Mr. Matthew Hymel, Mayor's Director of Finance, states that it is the policy of the Mayor to preserve and retain the City's existing General Fund Reserve, including the additional available \$10,837,000 in surplus funds, for uncertainties in the current Fiscal Year and as a revenue source to fund the City's forthcoming FY 2000-2001 budget.



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

Edward Harrington
Controller

January 6, 1999

Supervisor Leland Yee
City and County of San Francisco
City Hall, Room 260
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Supervisor Yee:

In connection with your request for a hearing on the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999, we are providing you with information regarding the budget surplus.

FY 1998-1999 Projections Recap

To show you the history of our projections on the 1998-1999 surplus, here is information that we have provided during the course of the year:

	<u>Projected Surplus</u>
Six month report	\$ 86.0 million
Nine month report	\$100.9 million
Amount included in 1999-2000 budget	\$115.5 million
CAFR	\$126.4 million

During the course of the year, we revise our projections as additional information becomes available.

FY 1998-1999 Surplus Summary

As noted above, the City ended the fiscal year with a surplus of \$126 million. This surplus was comprised of the following:

Beginning additional surplus from FY 1997-98	\$ 43 million
Excess revenues	79 million
Expenditures savings	17 million
Increase in reserves	(13) million
Ending surplus FY 1998-1999	<u>\$126 million</u>

We began the year with a \$43 million surplus after the close of the fiscal year ended June 30, 1998. This surplus was primarily related to revenues that were stronger than budgeted during the 1997-1998 fiscal year.

1999 Revenue Detail

In FY 1998-1999, General Fund revenues exceeded budget by \$79 million. The following table indicates the amount by which major taxes and other revenues differed from the budgeted amount by year-end (in millions of dollars):

Revenue Source	Budget	Actual	Difference
Property tax	\$346.0	\$370.6	\$24.6
Business tax	231.3	229.2	(2.1)
Sales tax	114.1	116.8	2.6
Utility tax	56.1	58.9	2.7
Property transfer	42.3	56.1	13.8
Motor vehicle in lieu	76.3	81.3	5.0
Realignment	155.9	162.1	6.2
Other revenues	0.3	17.9	17.6
Fines & penalties	4.9	13.6	8.7
Total	<u>\$1,027.2</u>	<u>\$1,106.5</u>	<u>\$79.3</u>

Other revenues include a \$17.6 million one-time recovery of property taxes that were allocated to the Educational Revenue Augmentation Fund (ERAF) in prior years. Fines and penalties include the \$8.7 million settlement of the Bank of America lawsuit. Overall, general fund revenues were 7.7% higher than originally budgeted. A more detailed explanation of the revenue surpluses is provided in Attachment A.

1999 Expense Detail

The following table shows how the expenditure savings of \$17 million were derived. The CAFR details savings by department (see Attachment B). To show "true" savings, we have reduced the total reported savings in the CAFR by the amounts shown for the Departments of Public Health and Human Services. For these departments, the majority of the variance between the revised budget and actual expenditures pertains to lower than anticipated grant funded expenditures for which there is a corresponding decrease in the reimbursement from federal and/or state programs. We remove these "savings" from the calculation since they do not provide any additional funds which are available for use by the City. We have added back the portion of the expenditure savings which pertains to activities of these departments which are not related to federal and/or state grant programs in order to derive the net General Fund expenditure savings.

General Fund Expenditure Variance (Revised Budget less Actual Expenditures)	\$72.3 million (See Attachment B)
Less departmental variance:	
Community Health Network	(3.4) million
Public Health	(17.4) million
Department of Human Services	(39.7) million
Add back non-grant related Health and Human Services expenditure savings	<u>5.2</u> million
Net General Fund Expenditure Savings	<u>\$17.0</u> million

1999 Reserves Detail

The increase in reserves pertain to the following:

Cash reserve required by the City's Charter	\$ 5.8 million
Salary reserve	4.8 million
Reserve for budget incentive program	2.7 million
Reserve for litigation	1.8 million
Reserve for one-time expenditures	(1.0) million
Reserve for other contingencies	<u>(0.4)</u> million
Net change in reserves	<u>\$13.7</u> million

These reserves are in accordance with the City's Charter, Administrative Code, Annual Appropriation Ordinance, or other legally binding agreements. The adjustments were based on the latest information available at the time of the year-end close.

Reconciliation of FY 1999-2000 budget numbers to final surplus amounts

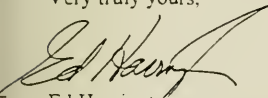
When the FY 1999-2000 budget was prepared, we projected there would be a \$106.8 million surplus from the prior fiscal year (FY 1998-1999). When we completed the year-end audit, the surplus was \$126.4 million. The following table shows the change in the surplus:

Surplus noted in 1999-2000 budget	\$106.8 million
Bank of America settlement	<u>8.7</u> million
Amount included in 1999-2000 budget	\$115.5 million
Other revenues	7.8 million
Expenditure savings	<u>3.1</u> million
Surplus at time of CAFR	<u>\$126.4</u> million

The Bank of America settlement was not originally included in the surplus for FY 1998-1999, but rather was included in the revenue budget for FY 1999-2000. However, the settlement was received early and we were required to recognize the revenue in FY 1998-1999 for financial statement purposes. Therefore, the true difference between the surplus projected at the time the FY 1999-2000 Budget was prepared and the ending surplus is \$10.9 million. This amount will go to the General Fund surplus.

If you have any questions or need additional information, please contact my office.

Very truly yours,


Ed Harrington
Controller

cc: \ Harvey Rose
Supervisor Tom Ammiano, Finance Committee
Supervisor Sue Bierman, Finance Committee

ATTACHMENT A
SCHEDULE OF MAJOR BUDGETED AND FINAL GENERAL FUND REVENUES
 Fiscal Year Ending June 30, 1999
 (In thousands)

GENERAL FUND	ACTUAL FY97-98	FISCAL YEAR 1998-99					
		ORIGINAL BUDGET	REVISED BUDGET	9 MONTH PROJECTION	YEAR-END FINAL	VARIANCE Final/Budget	VARIANCE Final/9 month
PROPERTY TAXES	342,050	346,027	346,027	367,903	370,632	24,605	2,729 (1)
BUSINESS TAXES:							
Business Registration Tax	10,106	10,628	10,628	10,347	10,160	(468)	(187)
Gross Receipts Tax	30,662	30,608	30,608	33,042	30,168	(440)	(2,874)
Payroll Tax	182,136	190,027	190,027	191,135	188,643	(1,184)	(2,292)
Total Business Taxes	222,904	231,263	231,263	234,524	229,171	(2,092)	(5,353) (2)
OTHER LOCAL TAXES:							
Sales Tax	112,950	114,135	114,135	115,606	116,760	2,625	1,154 (3)
Utility Users Tax	56,604	56,087	56,087	55,485	58,907	2,820	3,422 (4)
Real Property Transfer Tax	44,007	42,350	42,350	54,000	56,133	13,783	2,133 (5)
Total Other Local Taxes	213,561	212,572	212,572	225,091	231,800	19,228	6,709
FINES, FORFEITURES & PENALTIES	1,431	2,522	4,922	5,958	13,604	8,682	7,646 (6)
STATE SUBVENTIONS:							
Health & Welfare Realignment	152,375	155,900	155,900	155,900	162,057	6,157	6,157 (7)
Motor Vehicle In-Lieu - County	42,592	43,402	43,402	44,338	46,057	2,655	1,719 (8)
Motor Vehicle In-Lieu - City	32,529	32,890	32,890	33,958	35,230	2,340	1,262 (8)
Total State Subventions	227,496	232,192	232,192	234,206	243,344	11,152	9,138
OTHER REVENUES	2,703	300	300	17,931	17,931	17,631	0 (9)
TOTAL REVENUES	1,010,145	1,024,876	1,027,276	1,085,613	1,106,482	79,206	20,869

ATTACHMENT A
CHANGES BETWEEN BUDGETED AND ACTUAL REVENUES

- (1) Final property taxes were greater than budget by \$24.6 million (7.1%). The overall increase is due to an increase in assessed property value over the 1997 roll. At the time the budget was prepared, the Assessor projected a 4% increase in the 1998 roll, which was used for the budget projection. The Assessor's final roll was actually 9.2% higher than the prior year. In addition, the Assessor added another 1% to the 1998 roll through enrollment of escapes. The variance between the Controller's nine-month report and the year-end final (\$2.7 million) was a result of the Assessor's collection of additional supplemental assessments.
- (2) Final business taxes were less than budget by \$2.1 million (0.9%). While total business taxes increased 2.8% over prior-year revenues, a growth rate of 3.75% was needed to meet the budget estimate. In the nine-month report we projected business tax growth of 5.2%. This growth did not materialize because of a softening in overall business activities and because of substantial increase in business tax credits. According to the Tax Collector's office, the use of the new jobs credit increased by 42% in 1999, accounting for a \$1.1 million decrease in business tax revenues. In addition, businesses claimed \$3.9 million under the new business tax credit, which went into effect in 1999.
- (3) Sales taxes were greater than budget by \$2.6 million (2.3%). In the nine-month report, we projected sales tax revenues would be 1.3% greater than budget. The additional 1.0% increase is due to continued growth in City sales activity.
- (4) Utility users tax revenues were greater than budget by \$2.8 million (5.0%). In the nine-month report, we projected a slight decrease in utility revenues because of deregulation in the electric utility industry and increased competition in the telephone industry. At year-end, we noted that the growth in cell-phone activities and telecommunications generally has caused telephone utility revenues to increase significantly. At the same time, we have not seen the anticipated decrease in electric rates (and therefore tax revenues) in the electric utility industry.
- (5) Real property transfer taxes were greater than budget by \$13.8 million (32.5%). This figure reflects a continuing trend in the real estate market, punctuated by high property values and a large volume of sales transactions in the residential real estate market, as well as the sale of several high-priced commercial properties. In the nine-month report, we projected a slow-down in activities in the final quarter of the fiscal year; as a result, the final revenues were \$.21 million more than projected in the nine-month report. The activities in real property transfers continue to outpace revenue projections in the current year.

ATTACHMENT A
(continued)

- (6) Fines and penalties were \$8.7 million greater than budget. Under an agreement with the Attorney General's Office, San Francisco received a one-time distribution for its leadership role in the Bank of America litigation. This amount was in addition to reimbursement of the City Attorney's fees and related expenses. At the time the budget was prepared, we included this payment as a new revenue source in FY1999-2000. However, the settlement was received early and we were required to recognize the revenue in FY1998-99 for financial statement purposes. The amount included in the General Fund was \$8.7 million.
- (7) Health and welfare realignment revenues were greater than budget by \$6.2 million (3.9%). This state allocation is based on growth in sales tax revenues and motor vehicle license fees. Until the state makes its final allocation, we can only estimate the total revenues for each fiscal year.
- (8) Motor vehicle in lieu subventions from the state were greater than budget by \$5.0 million (6.5%). This increase in allocation from the state reflects a higher base from the prior year, upon which current-year allocations are based, and higher than anticipated growth in state-wide sales tax revenues.
- (9) Other revenues were \$17.6 million greater than budget. This amount represents a one-time recovery of property tax revenues that were allocated to the Educational Revenue Augmentation Fund (ERAF) in prior years. Based on an audit by the California State Controller, the City reduced the allocation to ERAF by \$17.6 million, which represents overpayments between 1993-94 and 1996-97.

CITY AND COUNTY OF SAN FRANCISCO

Attachment B

GENERAL FUND

Schedule of Expenditures by Department -
Budget and Actual - Budget Basis
Year ended June 30, 1999

(In Thousands)

	Original Budget	Revised Budget	Actual	Variance
Public Protection				
Adult Probation.....	\$ 7,588	\$ 7,581	\$ 7,581	\$ -
Animal Care and Control.....	2,536	2,458	2,396	62
County Agriculture/Weights and Measures.....	1,232	1,173	1,169	4
District Attorney.....	32,393	31,433	30,394	1,039
Emergency Communications.....	9,847	5,718	5,238	480
Environment.....	298	336	235	101
Fire Department.....	149,080	153,457	153,457	-
Juvenile Court.....	25,328	25,680	25,274	406
Police Department.....	220,113	216,949	216,949	-
Public Administrator/Guardian.....	3,331	3,352	3,271	81
Public Defender.....	11,018	10,994	10,933	61
Sheriff.....	62,378	67,081	67,081	-
Trial Courts.....	34,717	33,992	33,654	338
	<u>559,859</u>	<u>560,204</u>	<u>557,632</u>	<u>2,572</u>
Public Works Transportation and Commerce				
Clean Water.....	152	152	129	23
Parking and Traffic Commission.....	31,754	31,673	31,136	537
Permit Appeals.....	315	318	313	5
Public Works.....	22,636	23,106	23,106	-
PUC Light, Heat and Power.....	4,871	5,093	4,287	806
Telecommunications.....	5,300	1,953	1,749	204
	<u>65,028</u>	<u>62,295</u>	<u>60,720</u>	<u>1,575</u>
Human Welfare and Neighborhood Development				
Business and Economic Development.....	2,106	1,514	1,162	352
Children, Youth and Their Families.....	6,455	2,288	2,205	83
Commission on the Aging.....	280	-	-	-
Commission on the Status of Women.....	2,242	2,032	2,004	28
Human Rights Commission.....	1,648	1,365	1,365	-
Mayor.....	195	195	195	-
Social Services.....	363,699	371,184	331,441	39,743 (1)
	<u>376,625</u>	<u>378,578</u>	<u>338,372</u>	<u>40,206</u>
Community Health				
Community Health Network.....	60,265	60,686	57,279	3,407 (1)
Public Health.....	323,522	329,249	311,895	17,354 (1)
Medical Examiner/Coroner.....	3,557	3,763	3,618	165
	<u>387,344</u>	<u>393,718</u>	<u>372,792</u>	<u>20,926</u>
Culture and Recreation				
Academy of Sciences.....	1,690	1,736	1,736	-
Administrative Services - Convention Facilities.....	4,884	2,254	2,254	-
Art Commission.....	5,290	7,294	4,982	2,312
Asian Art Museum.....	1,683	1,632	1,618	14
County Education Office.....	1,721	1,721	1,715	6
Fine Arts Museum.....	4,917	5,046	5,046	-
Law Library.....	263	274	274	-
Recreation and Park Commission.....	65,256	64,786	63,911	875
	<u>85,704</u>	<u>84,743</u>	<u>81,536</u>	<u>3,207</u>

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Attachment B

GENERAL FUND

Schedule of Expenditures by Department -
Budget and Actual - Budget Basis - (Continued)
Year ended June 30, 1999

(In Thousands)

	Original Budget	Revised Budget	Actual	Variance
General Administration and Finance				
Administrative Services.....	5,838	3,513	3,476	37
Assessor.....	10,890	10,163	10,163	-
Board of Supervisors.....	8,522	8,405	7,931	474
City Attorney.....	12,411	11,533	11,533	-
City Planning.....	8,127	8,232	7,445	787
Civil Service.....	610	657	525	132
Controller.....	15,243	16,360	16,360	-
Elections Department.....	2,820	2,800	2,800	-
Ethics Commission.....	476	497	497	-
General City Responsibility*.....	37,141	53,263	53,263	-
Human Resources.....	17,952	15,960	15,245	715
Mayor.....	20,114	19,839	18,702	1,137
Purchaser.....	3,132	3,258	2,790	468
Real Estate.....	938	1,942	1,942	-
Retirement Services.....	150	176	176	-
Treasurer/Tax Collector.....	13,947	13,876	13,805	71
	158,311	170,474	166,653	3,821
Total General Fund	<u>\$ 1,632,871</u>	<u>\$ 1,650,012</u>	<u>\$ 1,577,705</u>	<u>\$ 72,307</u>

* Includes general claims liability and post retirement benefits.

Notes:

- (1) The variance between the revised budget and actual expenditures pertains to lower than anticipated grant funded expenditures of the respective department for which there is a corresponding decrease in the reimbursement from federal and/or state programs

General Fund - Fund Balance Analysis

(Amounts in thousands)

<u>Notes</u>	<u>1998-99</u>	<u>1997-98</u>
Reserve by charter for cash requirements	\$ 75,878	\$ 70,032
Reserve for emergencies	4,198	4,198
Reserved for assets not available for appropriation	5,163	4,978
Reserved for encumbrances	43,602	49,707
Reserved for appropriation carryforward	50,284	40,253
1 Reserved for subsequent years' budgets	<u>26,013</u>	<u>7,121</u>
Total reserved amounts	\$ 205,138	\$ 176,289
Designated for litigation and other contingencies	\$ 25,545	\$ 16,425
Designated for one time expenditures	2,912	3,891
Designated for net unrealized gain on investments	1,056	4,421
2 Unreserved - available for appropriation	<u>126,357</u>	<u>145,332</u>
Total unreserved amounts	\$ 155,870	\$ 170,069
Fund Balance, June 30 - Budget basis	\$ 361,008	\$ 346,358

Notes

1	<i>Primary Components of reserve for subsequent years' budgets</i>	
	Budget Incentive Program	\$ 9,000 \$ 5,600
	City investments	15,000
	Reserve for nurses childcare	1,100 1,100
	Reserve for universal health	500
2	Unreserved fund balance - available for appropriation	\$ 126,357 \$ 145,332
	Amount of unreserved fund balance- available for appropriation subsequently appropriated:	106,820 <u>101,900</u>
	Bank of America Settlement – appropriated in the FY 1999-2000 budget	<u>8,700</u>
	Balance available for appropriation	\$ 10,837 \$ 43,432

Explanation of Terms

Reservations of Fund Equity

Reservations of fund balances of the governmental fund types and the fiduciary fund type indicate that portion of fund equity which is not available for appropriation for expenditure or is legally segregated for a specific future use. Following is a brief description of the nature of certain reserves and other equity categories.

Reserve by charter for cash requirements – The Charter provides for a cash requirements reserve to meet potential short-term working capital needs. The balance is calculated as 10% of either the prior year or the current year property tax levy.

Reserve for emergencies – The City's Administrative Code provides for an emergency reserve fund for purposes of meeting any emergency as defined in the City's Charter. The amount reserved for emergencies may be appropriated only by a vote of three-fourths of the Board of Supervisors.

Reserve for assets not available for appropriation – Certain assets, primarily cash and investments outside the City Treasury and deferred charges, do not represent expendable available financial resources. Therefore, a portion of fund equity is reserved to offset the balance of these assets.

Reserve for encumbrances – Encumbrances are recorded as reservations of fund balances because they do not constitute expenditures or liabilities (note 2(e)). In certain special revenue and capital projects funds, this accounting treatment results in a deficit unreserved fund balance. This deficiency is carried forward to the next fiscal year where it is applied against estimated revenues in the year the commitments are expended.

Reserve for appropriation carryforward – At the end of the fiscal year, certain budgeted expenditures are authorized to be carried over and expended in the ensuing year. A reserve of fund equity is established in the amount of these budget authorizations.

Reserve for subsequent years' budget – A portion of fund equity is reserved for subsequent years' budgets. This balance includes the reserve required by the City's Administrative Code for the budget incentive program for the purpose of making additional funds available for items and services that will improve the efficient operations of departments. Appropriations from this reserve will only be made to departments that have demonstrated their ability to reduce the cost of service delivery and other departmental activities during the previous fiscal year.

Designations of Fund Equity

Designations of fund balances indicate that portion of fund equity that is not available for appropriation based on management's plans for future use of the funds. Following is a brief description of the nature of the designations as of June 30, 1999.

Designations for litigation and other contingencies – This designation represents management's estimate of anticipated legal settlements or other contingencies to be paid in the subsequent fiscal year.

Designation for extraordinary one-time expenditures – This designation represents the extraordinary revenue recognized in a prior year due to the implementation of an accounting pronouncement. Management has designated this amount to fund extraordinary expenditures which may arise in a subsequent fiscal year.

Designation for net unrealized gain on investments – The designation for net unrealized gain on investments represents the net unrealized gain recognized as of June 30, 1999 on investments recorded at fair value. Management has established this designation because the revenue is not available for appropriation until or if the gain is actually realized.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B
Goodlett Place
San Francisco, CA
94102-4689

Members: *Supervisors Leland Yee, Sue Bierman, Tom Ammiano*

Clerk: *Mary Red*

Wednesday, January 19, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:03 a.m.

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AGENDA CHANGES

REGULAR AGENDA

- 000007 [Appropriation for the 700 Pennsylvania facility to house MUNI staff and shops that provide power/special machine maintenance (previously performed at 24th and Utah site) to insure safe transit service for 700,000 daily riders]
Ordinance appropriating \$2,918,024 of Safe Harbor Lease Revenue to provide funds for the completion of the 700 Pennsylvania facility capital project of the San Francisco Municipal Railways for fiscal year 1999-2000.
(Controller)

(Fiscal impact.)

12/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Vince Harris, Deputy General Manager, Municipal Railway; Supervisor Yee; Robert Rincon, Municipal Railway.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000014 [Proposed expenditure of California Healthcare for Indigents Program (CHIP) funds for fiscal year 1999-2000]**
Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) funds for fiscal year 1999-2000 and that the President or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP funds for fiscal year 1999-2000. (Department of Public Health) 12/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. Department requests this item be calendared at the January 19, 2000 meeting.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jeffrey Leong, Department of Public Health.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000043 [Revised patient rates for home health services provided by Department of Public Health for fiscal year 1999-2000]**
Ordinance amending Health Code by amending Section 128, to fix patient rates for services furnished by Department of Public Health, retroactively to December 1, 1999. (Department of Public Health) 1/5/00, RECEIVED AND ASSIGNED to Finance and Labor Committee
Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Monique Zmuda, Department of Public Health
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000071 [Reserved Funds, Fire Department]**
Hearing to consider release of reserved funds, Fire Department (Ordinance No. 127-96), in the amount of \$52,000 to fund the planning and design for the repair of the ruptured Auxiliary Water Supply System (AWSS) main pipe at Mission and Main Streets. (Fire Department)
1/7/00, RECEIVED AND ASSIGNED to Finance and Labor Committee
Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Saed Toloui, Department of Public Works
APPROVED AND FILED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000067 [Appropriation to be used for various capital improvements as approved in the Airport's Master Plan including rail transit operating system and Five Year Capital Projects Plan]**
Ordinance appropriating \$55,126,710 of interest income and various Bond fund balances to capital improvement projects at the Airport Commission for fiscal year 1999-2000. (Controller)
1/10/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 10:25 a.m.

0.254

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CITY AND COUNTY



OF SAN FRANCISCO

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BOARD OF SUPERVISORS

JAN 19 2000

BUDGET ANALYST

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FAX (415) 252-0461

January 13, 2000

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: January 19, 2000 Finance and Labor Committee Meeting

Item 1 - File 00-0007

Department: Department of Public Transportation
Municipal Railway (MUNI)
Department of Public Works (DPW)

Item: Supplemental appropriation ordinance of
\$2,918,024 of Safe Harbor Lease Revenue to
provide funds for the completion of the 700
Pennsylvania Facility Capital Project for the San
Francisco Municipal Railway.

Amount: \$2,918,024

Source of Funds: Safe Harbor Lease Capital Revenue (See Comment
No. 3)

Description: The proposed supplemental appropriation would
fund an additional \$2,918,024 to complete the San
Francisco Municipal Railway's (MUNI) 700
Pennsylvania Facility Rehabilitation Capital
Project. This Facility Rehabilitation Capital Project
includes: (1) renovating the entire facility to meet
Building Code standards and seismic and disability
access requirements; (2) removing asbestos

materials and lead-based paints; (3) replacing the roof; (4) replacing and upgrading the elevators, electrical, telecommunication and security systems; (5) rehabilitating the overhead cranes and (6) providing new furnishings and equipment. This Facility, which is currently under construction at 700 Pennsylvania Street near the intersection of 22nd Street, will be a replacement MUNI-owned facility for the MUNI Ways and Structures Division, which was previously located at 24th and Utah Streets and was displaced by the construction of the San Francisco General Hospital Parking Facility in 1994.

Since then, the functions of the Ways and Structures Division have been primarily provided at the MUNI-owned facility at 1301 Cesar Chavez Street and at leased space at a cost of \$50,000 monthly (\$600,000 annually) from the Port at Pier 80. In addition, Ways and Structures Division functions have been provided at dispersed MUNI locations throughout the City (i.e., Potrero, Scott and Alameda Facilities) that will be consolidated at the 700 Pennsylvania location, when it is completed. The Ways and Structures Division is responsible for providing maintenance support for MUNI facilities, buildings and grounds (i.e., gardeners, locksmiths, painters, plumbers, etc.) and for 47 miles of Light Rail Vehicle trackway, tunnels, the Cable Car system and the traction power and fixed electronic systems.

Budget:

Attachment I provided by Mr. Robert Rincon of MUNI identifies the initial project spending plan, the currently available funds and the revised project budget. The specific increases in the budget and the percentage changes by line item are identified and the reasons for the major increases are explained in the footnotes to Attachment I. As shown in Attachment I, the total revised budget is projected to increase by \$2,918,024, or 14.4 percent from the currently available funds of \$20,250,000 to \$23,168,024. Of the total projected increase of \$2,918,024, \$2,729,724, or 93 percent is related to

the "construction" category as reflected in Attachment I.

The Budget Analyst notes that project management, land acquisition and related costs of the existing 700 Pennsylvania Facility totaled \$3,597,460, and that a total of \$19,570,564 (\$23,168,024 total anticipated costs less \$3,597,460) is anticipated to be expended to rehabilitate the existing Facility.

Attachment II summarizes the original and revised budgets and identifies the specific Federal, State and local sources of funds that are being used to finance the project. As shown in Attachment II, if the proposed supplemental appropriation is approved, the local financing will represent \$12,775,626, (\$9,857,602 previously approved plus \$2,918,024 subject appropriation) or 55 percent of the total project costs of \$23,168,024. The Budget Analyst notes that no General Funds have been used for this project.

Comments:

1. According to Mr. Rincon, the main reason for the increased costs on the 700 Pennsylvania Project was due to a required accelerated design phase, which resulted in the original construction plans and specifications, that was developed by MUNI and the Department of Public Work's (DPW) Bureau of Architecture and Bureau of Engineering staff, lacking sufficient detail. As a result, (1) unanticipated additional work was required for the hazardous soil conditions, which included excavating and removing an additional 1,000 cubic yards of toxic soil left by the building's previous tenants; (2) unanticipated redesign and installation of a new drainage system was necessary; (3) unanticipated change in design and construction of the west exterior wall (abutting adjacent properties) had to be completed; and (4) all the related project management, construction engineering, construction inspection and DPW support costs increased commensurately with the above mentioned items. In addition, Mr. Rincon notes that (1) the final Department of

Telecommunications and Information Systems (DTIS) costs for furnishing and installing a Lucent PBX telephone system increased from an initial estimate of \$85,000 to \$270,000, an increase of \$185,000; (2) no funds were originally included for MUNI staff to move and furnish the 700 Pennsylvania Facility and now \$100,000 is included; and (3) a contingency of \$97,927 or less than one percent of the original construction costs of \$12,490,000 was included. Mr. Rincon advises that contingency funding for a complex renovation project, such as the 700 Pennsylvania Facility Rehabilitation Project should have initially included a 20 to 25 percent contingency. The proposed increased costs of \$2,918,024 represents 23.4 percent of the original construction cost estimate of \$12,490,000.

2. Mr. Rincon reports that a competitive bid process was conducted by MUNI to select the contractor, Dennis J. Amoroso Construction Co. Inc., at a slightly revised bid cost of \$12,490,000. As shown in Attachment III, three bidders submitted bids. According to Mr. Rincon, the apparent low bidder, S.J. Amoroso Construction Co. Inc. at \$11,614,000 was disqualified due to errors in their bid.

3. Safe Harbor Leasing Capital Revenue is the source of funds for this subject supplemental appropriation. Mr. Mark Goldstein of the Department of Public Transportation advises that these local Safe Harbor Leasing Capital Revenue funds were made available to MUNI by leasing, rather than purchasing, the Boeing Light Rail Vehicles (LRVs), which are currently being retired from the fleet. Under the Safe Harbor Leasing Capital Revenue provisions, MUNI was able to receive a portion of Federal tax credits as revenues from this leasing arrangement. According to Mr. Goldstein, the current balance in the Safe Harbor Leasing Capital Revenue Fund is \$5,868,170. If the proposed supplemental appropriation for \$2,918,024 is approved, the remaining balance in this Fund will be \$2,950,146.

4. Mr. Rincon advises that construction on the 700 Pennsylvania Rehabilitation Facility Project began in January of 1998 and was anticipated to be completed by July of 1999, a period of approximately 18 months. However, according to Mr. Rincon, due to numerous delays in the project, as a result of toxic and hazardous materials mitigation work and errors and omissions in the contract specifications, the Project is now anticipated to be completed in March of 2000, a total period of approximately 26 months, which is eight months, or 44 percent, later than originally estimated.

5. According to Mr. Rincon, the Ways and Structures Division staff will move into the Rehabilitated Facility as soon as it is completed. Mr. Rincon advises that the MUNI-owned facility at 1301 Cesar Chavez Street will be converted for use as the Islais Creek Bus Maintenance Facility, after the Ways and Structures Division moves out. As indicated above, when the 700 Pennsylvania Rehabilitation Capital Project is completed, MUNI will also vacate the Port's Pier 80 facility, thus saving an estimated \$600,000 annually for rent.

6. Overall, the Budget Analyst notes that acquisition and rehabilitation of this one existing Facility is now estimated to cost \$23,168,024. Based on the representations of Mr. Rincon, the Budget Analyst notes that the proposed increased costs of \$2,918,024 occurred primarily because of the required accelerated design phase, which resulted in MUNI and DPW staff's insufficient construction plans and specifications, which contributed to additional unanticipated redesigns, construction work and delays. In addition, the increased costs resulted from DTIS significantly increasing their original estimate, and MUNI not identifying funds for relocating into this new facility and not including sufficient contingency funds at the beginning of the project. Therefore, the Budget Analyst notes that almost all of these increased costs are a result of City staff errors and omissions. Therefore, the Budget Analyst considers

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

approval of the proposed supplemental appropriation ordinance for an additional \$2,918,024 to be a policy matter for the Board of Supervisors.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Project No. CPT 399
 Project Title: 700 Pennsylvania Rehabilitation
 Public Transportation Commission Resolution No. 99-097
 December 7, 1999

PROJECT BUDGET							
Project Phase	Cost Center Title	Initial Project Spending Plan	Current Available Funds	Proposed Funding Increase	Revised Project Funding	Percent Change in Funding/line item	Percent of Total Project Funding
Conceptual Engineering							
	Project Mgt	\$34,333	\$31,395	\$0	\$31,395	0.0%	0.1%
	Land Acquisition	\$3,260,000	\$3,268,528	\$0	\$3,268,528	0.0%	14.1%
	Dept. Real Estate	\$20,000	\$20,248	\$0	\$20,248	0.0%	0.1%
	Consultant Svcs	\$277,289	\$277,289	\$0	\$277,289	0.0%	1.2%
Subtotal		\$3,591,622	\$3,597,460	\$0	\$3,597,460	0.0%	15.5%
Detail Design							
	Project Mgt	\$77,895	\$71,228	\$0	\$71,228	0.0%	0.3%
	Engineering Svcs	\$992,593	\$1,223,973	\$0	\$1,223,973	0.0%	5.3%
	Construct. Mgt.	\$7,887	\$0	\$0	\$0	0.0%	0.0%
	Other Direct	\$92,065	\$42,065	\$0	\$42,065	0.0%	0.2%
	BCE/Equip/ADA/BOA	\$432,000	\$432,000	\$0	\$432,000	0.0%	1.9%
	BCM Geotech/Survey	\$48,000	\$48,000	\$0	\$48,000	0.0%	0.2%
	Art Commission	\$62,501	\$64,500	\$0	\$64,500	0.0%	0.3%
	Crane Inspection	\$25,000	\$25,000	\$0	\$25,000	0.0%	0.1%
Subtotal		\$1,737,941	\$1,906,766	\$0	\$1,906,766	0.0%	8.2%
Construction							
	Project Mgt	\$117,965	\$117,965	\$17,422	\$135,387	14.8%	0.6%
	¹ Engineering Svcs	\$307,619	\$607,619	\$292,302	\$899,921	48.1%	3.9%
	¹ Construct. Mgt.	\$612,707	\$612,707	\$403,000	\$1,015,707	65.8%	4.4%
	¹ BOA/BOE	\$202,040	\$355,286	\$111,000	\$466,286	36.5%	2.1%
	BCM-Test & SAR	\$118,030	\$118,030	\$0	\$118,030	0.0%	0.5%
	SFWD	\$61,338	\$61,338	\$0	\$61,338	0.0%	0.3%
	² SFDTS	\$85,000	\$0	\$185,000	\$270,000	100.0%	1.2%
	Hetch Hetchy/PG&E	\$25,000	\$24,902	\$15,000	\$40,000	60.6%	0.2%
	Consultant Sch/Testing	\$180,000	\$260,000	\$0	\$260,000	0.0%	1.1%
	Construction	\$12,490,000	\$12,490,000	\$1,376,000	\$13,866,000	11.0%	59.8%
	³ Moving, Furnishing & Equipment	\$370,738	\$0	\$100,000	\$100,000	100.0%	0.4%
	⁴ Contingency	\$600,000	\$97,927	\$230,000	\$224,297	129.0%	1.0%
Subtotal		\$15,170,437	\$14,745,774	\$2,729,724	\$17,475,498	18.5%	75.4%
Project Closeout							
	¹ Project Management	\$0	\$0	\$34,000	\$34,000	100.0%	0.1%
	¹ Project Engineering	\$0	\$0	\$80,000	\$80,000	100.0%	0.3%
	¹ Project Integration	\$0	\$0	\$9,300	\$9,300	100.0%	0.0%
	¹ Construction Mngmt	\$0	\$0	\$65,000	\$65,000	100.0%	0.3%
Subtotal		\$0	\$0	\$188,300	\$188,300	100.0%	0.8%
CAPITAL TOTAL		\$20,500,000	\$20,250,000	\$2,918,024	\$23,168,024	13.0%	100.0%

1. Increased labor cost associated with project schedule delays are the result of construction complexities and required design fixes. Labor cost include Muni, DPW-Bureau of Architecture, and DPW-Bureau of Engineering. Muni utilized DPW's services in design as well as construction support.

2. SF Department of Telecommunication Information Services preliminary estimates were significantly less costly than their final estimates. Muni had to begin work on this project prior to receiving final formal DTIS estimates, which significantly escalated beyond what DTIS originally provided to Muni staff at the project's outset. These unanticipated additional costs are now included in this funding revision.

3. The project scope included relocating Muni personnel from their current temporary locations to their new home at 700 Pennsylvania Street, providing office furnishing, and furnishing computer equipment. This line item was unfunded from the start of construction due to funding shortfall. Currently, the scope of work has been reduced only to relocating personnel and providing minimal new furnishings.

4. Typically, contingency funding for a complex rehab project ranges from 20% - 25% of the total cost of construction. The accelerated timeline for project completion precluded full funding from the project's inception. Initially 5% (for contingency) was budgeted. However, from the onset of the construction phase due to ongoing cost escalation related to design changes less than 1% in actual contingency funding was available during the construction phase.

5. Labor cost to closeout the construction contract, As-built drawings, punchlist, final contract modification, Public Transportation Commission approval, etc.

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PTC CALENDAR ITEM # _____

DIVISION: Capital ProgramsPROJECT: Supplemental Appropriation -700 Penn.

**700 PENNSYLVANIA REHABILITATION
PROJECT BUDGET AND FINANCIAL PLAN**

PROJECT BUDGET

BASELINE

<u>Category</u>	<u>Budget</u>
Conceptual Engineering	\$791,000
Detailed Design/City Services	\$2,984,000
Site Purchase	\$3,275,000
Construction Contract	\$12,489,264
Moving, Furnishing & Equipment	\$360,736
<u>Contingency</u>	<u>\$600,000</u>
Total	\$20,500,000

REVISED BUDGET

<u>Category</u>	<u>Budget</u>
Conceptual Engineering	\$308,684
Project Mgt./Engineering/CM	\$3,534,516
Other City Services / Consultants	\$1,832,930
Site Purchase	\$3,288,776
Construction Contract	\$13,866,000
Moving, Furnishing & Equipment	\$100,000
<u>Contingency</u>	<u>\$237,118</u>
Total	\$23,168,024

FINANCIAL PLAN

Federal		\$7,136,470	31%
	Section 9 CA-90-X422	\$1,036,470	
	Section 9 CA-90-X743-01	\$6,100,000	
State		\$3,255,928	14%
	State Highway Account	\$3,204,000	
	State Transit Assistance	\$51,928	
Local		\$9,857,602	43%
	SFMRIC No. 48	\$1,009,000	
	SFMRIC No. 49	\$2,065,602	
	1994-95 Sales Tax	\$4,000,000	
	1997-98 Sales Tax	\$2,783,000	
Safe Harbor Lease Revenues		\$2,918,024	12%
Total		\$23,168,024	100%

PUBLIC TRANSPORTATION DEPARTMENT
City and County of San Francisco
Bid Opening Results

Municipal Railway Contract No. MR-1171
700 Pennsylvania Rehabilitation Ways & Structure Maintenance Facility

Date Opened: 08/19/97

Engineer's Estimate: \$12,000,000.00

	<u>Bidder</u>	<u>Amount</u>
1.	S.J. AMOROSO CONSTRUCTION CO. INC. 348 HATCH DRIVE FOSTER CITY, CA 94404	\$11,614,000.00
2.	ARNTZ BULLOCH 19 PARADISE WAY NOVATO, CA 94949	\$15,581,000.00
3.	DENNIS J. AMOROSO CONSTRUCTION CO., INC. 70 GOLD STREET SF CA 94133-5103	\$12,483,817.00
4.		

Amount Checked By: _____
Contracting Engineer

Approved By: _____
Manager, Contracting Section

cc: Peg Divine, Deputy Director
Arnold Baker, Manager, Contract Compliance

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

Item 2 - File 00-0014

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 1999-2000, and authorizing the President, or duly authorized representative of the Board of Supervisors of the City and County of San Francisco to certify the County Description of Proposed Expenditure of CHIP funds for FY 1999-2000.

Amount: \$4,865,429

Source of Funds: California Healthcare for Indigents Program (CHIP) Funds

Description: The State Department of Health Services (DHS) established the California Healthcare for Indigents Program (CHIP) in 1989 to provide funds to the counties to pay for medical services for indigent persons, who are not eligible for other private or public health care programs. CHIP is funded by Proposition 99 (Tobacco Tax) money. The counties are able to use CHIP funds to reimburse both County and non-County providers for uncompensated services for indigent persons, who can not otherwise pay for the cost of such health services.

CHIP funds are used to reimburse (a) participating County and non-County hospitals for inpatient, outpatient, and emergency services, and (b) participating private physicians for emergency, obstetric, and pediatric services, provided to indigent persons.

State regulations require that the County submit to the State, on an annual basis, a description of the County's proposed expenditures of the CHIP funds, and that the President of the Board of Supervisors, or duly authorized representative, certify the subject expenditure description. The proposed resolution would authorize the County Description of Proposed Expenditure of the subject CHIP funds for FY 1999-2000.

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**Proposed
Expenditures of
CHIP Funds:**

The allocation of the CHIP funds for FY 1999-2000 is as follows:

County Hospital Fund	\$4,079,274
Non-County Hospital Fund	249,224
Physician Services Fund	326,352
Other Health Services Fund	<u>210,579</u>
Total CHIP Funds	\$4,865,429

Comments:

1. As shown in the Attachment, the CHIP allocation by each Fund noted above, is as follows:

County Hospital Funds

DPH has allocated \$4,079,274 in County Hospital Funds for indigent services at San Francisco General Hospital (SFGH), including administrative costs, and the Child Health and Disability Prevention (CHDP) services at SFGH.

SFGH Services	\$3,573,875
CHDP Services	56,668
DPH Administrative Costs	<u>448,731</u>
Total County Hospital Fund	\$4,079,274

Non-County Hospital Fund

DPH has allocated \$249,224 to the Non-County Hospital Fund, including \$124,612, or 50 percent, to 8 local non-County hospitals, based on the State's mandated formula, and \$124,612, or 50 percent, to reimburse these local non-County hospitals on a discretionary basis.

State-mandated Funds	\$124,612
Discretionary Funds	
Hospital Reimbursement	110,905
Professional Services Contract*	<u>13,707</u>
Subtotal Discretionary Funds	<u>124,612</u>
Total Non-County Hospital Fund	\$249,224

Memo to Finance and Labor Committee
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* Mr. Jeffrey Leong of DPH states that DPH has an existing professional services contract with Lifemark, Incorporated, to process medical claims for reimbursement from private hospitals and physicians.

Physician Services Fund

DPH has allocated \$326,352 to the Physician Services Fund, including \$163,176, or 50 percent, to Emergency Medical Services (EMS), and \$163,176, or 50 percent for new contracts.

Emergency Medical Services		
EMS	\$146,858	
Professional Services Contract	<u>16,318</u>	
Subtotal EMS		163,176
New Contracts		
EMS	26,724	
CHDP	120,134	
Professional Services Contract	<u>16,318</u>	
Subtotal New Contracts		<u>163,176</u>
Total Physician Services Fund		\$326,352

Other Health Services Fund

DPH has allocated \$210,579 for other health services, including reimbursements for indigent services at SFGH and Child Health and Disability Prevention (CHDP) services at SFGH, and administrative costs.

SFGH	\$90,455
CHDP	20,002
DPH Administrative Costs	2,979
Professional Services Contract	<u>97,143</u>
Total Other Health Services Fund	\$210,579

2. In August of 1999, the Board of Supervisors authorized DPH to accept and expend \$4,860,674 in CHIP funds (File 99-1530). According to Mr. Leong, the final total State allocation is \$4,865,429, the amount to be certified to the State under the proposed subject resolution.

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

3. The Board of Supervisors approved the total CHIP fund expenditure of \$7,961,916 in the DPH FY 1999-2000 budget. The actual amount of \$4,865,429 allocated by the State in FY 1999-2000 is \$3,096,487, or approximately 39 percent, less than the budgeted amount of \$7,961,916. According to Ms. Anne Okubo of DPH, the County has received State funds for Local Government Relief and has provided General Fund monies in the amount of \$3.1 million to DPH to offset the shortfall in CHIP revenues. Mr. Leong states that the reduction in the State allocation of CHIP funds, from the amount of \$7,961,916 in the FY 1999-2000 DPH budget resulted from (a) reductions in the estimated Tobacco Tax revenue to be collected by the State from \$539,000,00 to \$390,000,000, and (b) changes in the California FY 1999-2000 budget that diverted Tobacco Tax funds away from the CHIP-funded County services to fund other State health programs.

Recommendation: Approve the proposed resolution.

Item 3 - File 00-0043

Department: Department of Public Health (DPH)

Item: Ordinance amending Part II, Chapter V, of the San Francisco Municipal Code (Health Code) by amending Section 128 thereof, to fix patient rates for services furnished by Department of Public Health, retroactively to December 1, 1999.

Description: The San Francisco Municipal Code requires Board of Supervisors approval of the rates charged by the Department of Public Health to patients and third party payers, for providing patient care services¹. Each year, DPH reviews the rates that are charged for services and makes adjustments, when appropriate, based on a computation of the unit cost of providing patient care services (as approved by the Controller) and on prevailing industry rates². If DPH adjusts its rates for patient care services, such rate adjustments are submitted to the Board of Supervisors for approval for the City's fiscal year, from July 1 through June 30.

In August of 1999 the Board of Supervisors approved adjustments to patient care rates for FY 1999-2000 (File 99-1389). The proposed ordinance would revise the rates, previously approved by the Board of Supervisors, charged by DPH for Home Health Services, retroactive to December 1, 1999. Home Health Services, which are provided by the DPH Community Health Network, include in-home services such as nursing, medical social services, and physical, occupational, and speech therapy.

Attachment I, provided by DPH, compares the current FY 1999-2000 Home Health Services rates, including the percentage changes, as previously approved by the Board of Supervisors, to the subject revised rates. As shown in

¹ Such services include inpatient services provided by San Francisco General and Laguna Honda Hospitals, emergency room services, outpatient services provided by DPH clinics, home health services, substance abuse and mental health services, and fees for records and statistics, such as birth and death records.

² Ms. Okubo states that DPH surveys Bay Area hospitals to determine the community industry standard.

Memo to Finance and Committee
January 19, 2000 Finance and Labor Committee Meeting

Attachment I, the proposed revised rates, as recommended by DPH, would increase from 0 percent to 24 percent.

Comments:

1 According to Ms. Anne Okubo of DPH, in November of 1999, subsequent to the Board of Supervisors having approved the Fiscal year 1999-2000 rates for Home Health Services, the Federal Health Care Finance Administration (HCFA) increased the cost limits for Medicare reimbursement for providing Home Health Services. Ms. Okubo states that approval of the proposed ordinance would authorize DPH to adjust the rates charged for Home Health Services to match the new Medicare cost limits set by HCFA, retroactively to December 1, 1999, as permitted by HCFA.

2. As shown in Attachment II, provided by DPH, the rates charged by DPH for patient care services can differ from the actual payment received by DPH for such services from third party payers. Third party payers, which include private insurance plans, such as managed care plans, and public insurance plans, such as Medicare, have their own pre-determined reimbursement rates and will only reimburse for services provided by DPH, based upon those pre-determined rates. According to Ms. Okubo, the third party payer will pay either the DPH rate charged to patients or their own pre-determined rate (e.g. cost limits), depending on which rate is lower. Ms. Okubo states that the DPH proposed new rates for Home Health Services were calculated to prevent the DPH rates from being lower than the third party payer's pre-determined rates, and therefore, preventing DPH from receiving a lower reimbursement from third party payers.

3. The estimated DPH revenues, resulting from the patient care rate adjustments for FY 1999-2000, including Home Health Service rates, as previously approved by the Board of Supervisors in the FY 1999-2000 DPH budget, total \$28,257,792 (File 99-1389). Ms. Okubo estimates that the proposed revised rates would result in additional revenue of approximately \$17,506 annually.

Recommendation: Approve the proposed ordinance.

DEPARTMENT OF PUBLIC HEALTH
 PROPOSED PATIENT RATES
 FY 99-00

<u>TYPE OF SERVICE</u>		CURRENT RATE FY 99-00	REVISED RATE FY 99-00	PERCENT CHANGE
COMMUNITY HEALTH NETWORK				
Home Health Services				
Skilled Nursing	Visit	147	153	4%
Home Health Aide Services	Visit	79	79	0%
Medical Social Services	Visit	203	213	5%
Physical Therapy	Visit	141	175	24%
Occupational Therapy	Visit	141	175	24%
Speech Therapy	Visit	145	177	22%

City and County of San Francisco

Department of Public Health



MEMORANDUM

Date: January 12, 2000

To: Harvey Rose
Budget Analyst

From: Anne Okubo
Budget Manager

Subject: Patient Rates Ordinance – Home Health

This memo is in response to your request for information on revenues associated with revised home health rates proposed by the Department of Public Health.

The proposed ordinance to revise home health rates will increase patient charges for home health services provided by the Community Health Network. This revision reflects increased cost limits published by the Health Care Financing Administration (HCFA) in November.

Rates charged to patients typically differ from the reimbursement received from third party payors such as Medi-Cal, Medicare and health maintenance organizations. Third party payors typically reimburse providers for services at rates that are lower than patient charges. Proposed home health rates reflecting the higher cost limits will preserve the differential between patient charges and revenue reimbursed by Medicare (reimbursement is based on the lower of two rates - cost limits or patient charges). Without approval of this ordinance, Medicare reimbursement will be less than the maximum reimbursement allowed by HCFA, resulting in lost revenue to the Community Health Network.

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

Item 4 - File 00-0071

Department: Fire Department
Department of Public Works (DPW)

Item: Hearing to consider the release of reserved funds in the amount of \$52,000 to fund the planning and design for the repair to the ruptured Auxiliary Water Supply System main pipe at Mission and Main Streets.

Amount: \$52,000

Source of Funds: Fire Protection Systems Improvement General Obligation (GO) Bonds, previously appropriated and placed on reserve by the Board of Supervisors

Budget: The summary budget for the subject reserved funds is as follows:

<u>Initial Investigation</u>	
Contractual Services	\$15,958
DPW Staff	<u>7,573</u>
Total Initial Investigation	23,531
<u>Planning and Design</u>	
DPW Staff	<u>28,469</u>
Total	\$52,000

The Attachment, provided by DPW, contains details to support the summary budget above.

Description: The subject reserved funds would be used for the planning and design work needed for the repair of the ruptured Auxiliary Water Supply System (AWSS) main pipe at Mission and Main Streets. The AWSS is a system of reservoirs, cisterns, pipelines, pump stations, and fireboats, comprising the source of water supply for fire protection in emergency situations.

The City sold a total of \$46.2 million in Fire Protection Systems Improvement General Obligation Bonds (\$31 million in 1987 and \$15.2 million in 1991) to finance improvements to the City's Auxiliary Water Supply System. In March of 1996, the Board of Supervisors approved a supplemental appropriation ordinance for \$3,907,900 (File

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

101-95-61) from accrued interest from the Fire Protection Systems Improvement Bonds for four categories of capital improvement projects: (a) repair and improvement of the Fireboat Phoenix, (b) implementation of motorized AWSS control valves, (c) repairs to the AWSS water storage tank, and (4) emergency repairs of AWSS facilities. The subject requested release of reserved funds would come from category (4) emergency repairs of AWSS facilities.

Comments:

1. According to Mr. Saed Toloui of DPW, on January 1, 1999, a leak was discovered in the 14-inch Auxiliary Water Supply System (AWSS) line at the intersection of Mission and Main Streets. Initial investigation of the leak was conducted by Stacy and Witbeck, Inc., a private contractor, who was already working under an existing DPW contract near that site on the Mid-Embarcadero Project, the waterfront street improvement project. After the source of the leak was located, the main valves on both ends of the ruptured pipe were closed, shutting off the high-pressure water supply to seven of the Fire Department's water hydrants. Mr. Toloui states that DPW has been unable to begin the repair of the ruptured AWSS main line, although the leak was initially discovered in January of 1999, because PG&E, Muni, and the Public Utilities Commission (PUC) had to first reroute utility lines at the site to provide access to the AWSS main line.

2. According to Mr. Toloui, and as explained in the DPW Attachment to this report, the subject funds, totaling \$52,000, would be expended for (a) DPW staff (\$36,042) to plan the repair work, including specifications, coordinate with utility companies, obtain the necessary permits, and design a 50 foot long, 14-inch ductile iron pipe to replace the ruptured AWSS main line, and (b) contractual services performed by Stacy and Witbeck, Inc. (\$15,958) for the initial investigation of the AWSS main line leak, which has been completed.

3. According to Mr. Toloui, the repair work is expected to begin the first week of March, will be conducted only on weekends to avoid disruption of weekday traffic at the site, and will take approximately 5 weeks to complete. Mr. Toloui states that the estimated cost of the actual repair work is \$111,000, and that the subsequent release of

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

reserved funds in that amount would be subject to Board of Supervisors approval.

Recommendation: Approve the proposed release of reserved funds.



Willie Lewis Brown, Jr., Mayor

Mark A. Primeau, AIA, Director and City Architect



Department of Public Works

Project Management Division

30 Van Ness Avenue, 5th Floor

San Francisco, CA 94102-6020

Kathryn How, Assistant City Engineer

Cost Breakdown for Planning and Design

Repair of AWSS at Main and Mission Streets

Title	Hourly Rate (including overhead)	Number of Hours	Extension
Equipment and labor for field investigation	-----	-----	\$ 15,958 *
Civil Engineer (preliminary investigation)	\$ 91	28	\$ 2,548 **
Construction Inspector (preliminary investigation)	\$ 75	67	\$ 5,025 **
Associate Mechanical Engineer	\$ 77	133	\$10,241 **
Senior Mechanical Engineer	\$103	4	\$ 412 **
Engineering Assoc.	\$ 57	70	\$ 3,990**
Senior Clerk	\$ 45	8	\$ 360**
Assoc. Traffic Engineer	\$ 60	10	\$ 600**
Traffic Engineer	\$ 69	30	\$ 2,070**
Senior Traffic Engineer	\$ 81	4	\$ 324**
Project Manager I	\$ 84	90	\$ 7,560**
Civil Engineer (Project Manager)	\$ 91	32	\$ 2,912**
TOTAL			\$ 52,000

* Contractual services for Stacy and Witbeck, Inc., totaling \$15,958

** DPW in-house staff, totaling \$36,042

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

Item 5 – File 00-0067

Department: Airport

Item: Supplemental appropriation ordinance appropriating \$55,126,710 in capital and bond fund interest income for five capital improvement projects at the Airport.

Amount: \$55,126,710

Source of Funds: Interest income from Airport capital and bond funds as listed in the Attachment provided by the Airport.

Description: The proposed ordinance would appropriate \$55,126,710 from Airport capital and bond funds for five capital projects at the Airport's new International Terminal complex including:

- \$22,271,020 to fund four approved capital projects in the Airport's Five Year Capital Projects Plan (Project Nos. 1 to 4 below); and
- \$32,855,690 to partially fund one Master Plan capital project, as provided for in the Airport's Plan of Finance for Near Term Master Plan Projects (Project No. 5 below).

A list of the five capital projects is as follows:

<u>Capital Project</u>	<u>Amount</u>
(1) Tenant Utility Extensions and Infrastructure	\$8,785,850
(2) Tenant Infrastructure	4,307,000
(3) Design Services for Food and Beverage Program	1,078,170
(4) Food Court Build-out	<u>8,100,000</u>
Subtotal:	\$22,271,020
(5) AirTrain Operating System	<u>32,855,690</u>
TOTAL:	\$55,126,710

BOARD OF SUPERVISORS
BUDGET ANALYST

**1. Tenant Utility Extensions and
Infrastructure**

\$8,785,850

This capital project would fully fund and install utility extensions (heating, ventilation, air-conditioning, water, sewer, power, fire alarm, and telephone/data). A summary budget follows.

Utility extensions for concessionaire tenants in Boarding Area G	\$2,087,379
Utility extensions for concessionaire tenants	2,417,184
Utility extensions for airline tenants	3,905,485
Contingency (approximately 3 percent of construction costs)	252,302
Testing and inspection	<u>123,500</u>
TOTAL:	\$8,785,850

The two contractors who have been selected to perform the work, Tutor-Saliba and Pavex Construction, are the general contractors for the International Terminal complex and were selected through the Airport's competitive bidding process, according to Ms. Lisa Harris of the Airport.

2. Tenant Infrastructure

\$4,307,000

This capital project would fully fund the construction of the following eight categories of facilities situated at various locations in the International Terminal complex, as shown in the summary budget on the following page.

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

(1) Food Court roof and storm drain	\$500,000
(2) Coffee concessions in the Arrival area	300,000
(3) Four radio rooms on the 5 th floor	400,000
(4) Modifications to airline ticketing office counter keyboards to accommodate credit cards	400,000
(5) Power and communications for bus shelters	100,000
(6) Increasing the electrical and communications capability of foreign currency ATMs	57,000
(7) Construction of architectural revisions and modifications to the mechanical, electrical, and energy monitoring control systems in the Federal Inspection Services space on the 2 nd floor	2,450,000
(8) Level 4 exits	<u>100,000</u>
TOTAL:	\$4,307,000

A contractor for this project will be selected through a competitive bidding process, according to Ms. Harris.

3. Design Services for Food and
Beverage Program \$1,078,170

This capital project would partially fund the design services for the Food and Beverage Program which is estimated to cost a total of \$1,198,750. The budget for this capital project would fund seven sets of professional services, as shown on the following page.

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

(1) Professional design services for the preliminary design phase	\$148,926
(2) Professional interior architectural design services for common areas	710,653
(3) Professional design services for tenants and kiosks	36,925
(4) Professional design services for office spaces	14,996
(5) Professional design services for food and beverage spaces	54,875
(6) Professional services to prepare food and beverage concession leasing documents and assist in tenant outreach and selection	40,000
(7) Other consultant services (e.g. graphic artists)	<u>71,795</u>
TOTAL:	\$1,078,170

According to Ms. Harris, on December 1, 1998, following a Request for Proposals (RFP) process, the Airport contracted with Pacific Gateway Partnership to provide tenant outreach, leasing, and management services for the Food and Beverage Program. Pacific Gateway Partnership has subcontracted with SZPM Design Studio for design services for this program. Ms. Harris states that \$792,281 has been expended to date which has been funded in the interim from available commercial paper financing, as previously approved by the Board of Supervisors (Resolution 620-97), in anticipation of reimbursement by this subject appropriation.

As noted above, the total estimated cost of this project is \$1,198,750. Ms. Harris states that the estimated \$120,580 difference between this subject appropriation of \$1,078,170 and the estimated total project cost of \$1,198,750 would be funded from previously appropriated Airport revenue bond funds.

4. Food Court Build-out **\$8,100,000**

This capital project would fully fund the build-out of the new Food Court with the exception of the interiors of tenants' leasehold spaces. Improvements to the tenants' leasehold spaces will be the responsibility of the individual tenants. The budget for this capital project would fund professional services and equipment purchase as follows:

Professional services contract to coordinate and develop the RFP process for Food Court construction contractor	\$2,057,000
Construction management services contract	4,569,240
Purchase of common area furniture, fixtures, and equipment	854,760
Construction contingency	<u>619,000</u>
TOTAL:	\$8,100,000

According to Ms. Harris, the contract for this capital project in the amount of \$8,100,000 was awarded to Pacific Gateway Partnership, which was selected through a RFP process. Pacific Gateway Partnership has subcontracted with Dennis J. Amoroso Construction Company for construction management services in the amount of \$4,569,240.

5. AirTrain Operating System **\$32,855,690**

This capital project would partially fund the procurement and installation of the operating system for the Airport Rail Transit ("AirTrain") System¹ as required by the Airport's Master Plan. The budget for this capital project would fund equipment purchases. A summary budget is on the following page.

¹ The AirTrain System is a electric train system which will run within the Airport complex linking the Airport's four terminals and the Bay Area Rapid Transit terminal to be located at the Airport.

13 AirTrain vehicles (13 x \$1,318,131 per vehicle)	\$17,135,703
Electronic components of the AirTrain System	<u>15,719,987</u>
TOTAL:	\$32,855,690

On August 23, 1996 the Airport awarded a contract to Adtranz selected through the Airport's competitive bidding process. According to Ms. Harris, this project commenced in March of 1998 and is scheduled to be completed in December of 2001 (approximately three years and 10 months).

The estimated total cost of this project is \$121,580,296. Ms. Harris states that the estimated \$88,724,606 difference between the subject appropriation for this project of \$32,855,690 and the estimated total project cost of \$121,580,296 would be funded from Master Plan bond funds. Ms. Harris states that \$18,700,000 of the estimated \$88,724,606 Master Plan bond fund contribution has been expended to date on the design and construction of the AirTrain System's vehicle tracks and emergency walkways. According to Ms. Harris, the Board of Supervisors approved all Master Plan projects, and the issuance of Master Plan bond funds in the amount of \$2,850,000,000 to fund those projects, under Resolution 880-96.

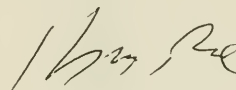
Budget:

The total budget for the five proposed capital projects listed above, including the additional funding which will be required to complete these five capital projects, is summarized on the following page.

Memo to Finance and Labor Committee
January 19, 2000 Finance and Labor Committee Meeting

<u>Project</u>	<u>This Supplemental Appropriation</u>	<u>Additional Costs</u>	<u>Total Project Cost</u>
(1) Tenant Utility Extensions and Infrastructure	\$8,785,850	\$0	\$8,785,850
(2) Tenant Infrastructure	4,307,000	0	4,307,000
(3) Design Services for Food and Beverage Program	1,078,170	120,580	1,198,750
(4) Food Court Build-out	8,100,000	0	8,100,000
(5) AirTrain Operating System	<u>32,855,690</u>	<u>88,724,606</u>	<u>121,580,296</u>
TOTAL:	\$55,126,710	\$88,845,186	\$143,971,896

Recommendation: Approve the proposed ordinance.


Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

AIRPORT COMMISSION

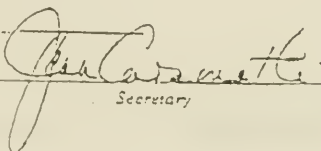
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-0454\$55,126,710 SUPPLEMENTAL APPROPRIATION OF INTEREST INCOME

- WHEREAS, the Lease and Use Agreement between the Airport and the airlines requires that interest income earned on capital projects funds be used exclusively for capital project purposes; and
- WHEREAS, interest earnings on capital project funds total \$55,126,710 for FY 1998/99; now therefore, be it
- RESOLVED, that this Commission hereby requests the Mayor to recommend to the Board of Supervisors a Supplemental Appropriation of \$55,126,710 from the Unreserved Fund Balance of the capital project funds shown below:

<u>Fund Title</u>	<u>Amount</u>
Approved Capital Funds	\$13,259,800
1967 G.O. Bonds	\$5,990
1997 Series B Revenue Bonds	\$449,580
1983 Series D Revenue Bonds	\$652,600
1990 Series E Revenue Bonds	\$274,630
Issue 1	\$31,810
Issue 2	\$2,950
Issue 3	\$6,110
Issue 4	\$1,950
Issue 5	\$681,040
Issue 6	\$1,480,330
Issue 8B	\$312,750
Issue 9A	\$1,160,080
Issue 9B	\$721,030
Issue 10A	\$724,720
Issue 10B	\$98,740
Issue 11	\$672,180
Issue 12A	\$2,225,520
Issue 12B	\$2,860,120
Issue 13A	\$2,241,700
Issue 13B	\$1,949,570
Issue 14	\$508,990
Issue 15A	\$2,153,800
Issue 15B	\$4,601,500
Issue 16A	\$2,138,780
Issue 16B	\$2,154,230
Issue 17	\$1,490,460
Issue 18A	\$1,530,400
Issue 18B	\$3,813,180
Issue 19	\$1,038,470
Issue 20	\$193,220
Issue 21	\$1,292,500
Issue 22	\$2,338,120
Issue 23A	\$531,700
Issue 23B	\$523,100
TOTAL	<u>\$55,126,710</u>

I hereby certify that the foregoing resolution was adopted by the Airport Commission
 at its meeting of DEC 21 1999


 Secretary



City and County of San Francisco

Meeting Minutes

Finance and Labor Committee

Members: *Supervisors Leland Yee, Sue Bierman, Tom Ammiano*

Clerk: *Mary Red*

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, January 26, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

Members Absent: Sue Bierman.

Meeting Convened

The meeting convened at 10:09 a.m.

DOCUMENTS DEPT.

AGENDA CHANGES

JAN 31 2000

SAN FRANCISCO
PUBLIC LIBRARY

REGULAR AGENDA

992155 [General Obligation Bond Accountability Ordinance]

Supervisor Yee

Ordinance amending Administrative Code by adding Article VIII, Sections 2.70 through 2.74 to Chapter 2 to provide a procedure for submission of general obligation bond accountability reports and specifying the content of said reports.

(Adds Article VIII, Sections 2.70 through 2.74.)

11/22/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 12/22/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Supervisor Ammiano. In Support: Isabel Wade, Neighborhood Parks Council; Emeric Kalman.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

000084 [Lease of property owned by Herbst Foundation at 30 Van Ness Avenue to relocate and provide expansion space for the Dept. of Human Resources' Workers Compensation Division currently housed at 1145 Market Street]

Resolution authorizing a lease at 30 Van Ness Avenue for the Department of Human Resources (Real Estate Department)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Department Real Estate; Supervisor Yee.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

000018 [Authorizing the Airport Commission to enter into a contract with the Regents of the University of California to perform studies on the habitats of herring and oysters during the Runway Reconfiguration Program]

Resolution concurring with the action of the Airport Commission to enter into a professional services contract with the University of California to perform herring and oyster habitat studies notwithstanding deletion of indemnification requirement for patent rights, copyright or trademark infringement. (Airport Commission)

1/4/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballestros, Airport Commission. Amended on page 1, line 18 to change "21.19" to "21.21".

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

000079 [Grant to be used by the Airport to purchase medium duty compressed natural gas vehicles to reduce emissions and improve the air on terminal roadways and Bay Area cities]

Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$109,200 from the Bay Area Air Quality Management District (Air District) for the acquisition of medium duty Compressed Natural Gas (CNG) vehicles. (Airport Commission)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballestros, Airport Commission; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

- 000080 [Grant to be used by the Airport to purchase heavy duty compressed natural gas vehicles to reduce emissions and improve the air on terminal roadways and Bay Area cities]
Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$90,000 from the Bay Area Air Quality Management District (Air District) for acquisition of heavy duty Compressed Natural Gas (CNG) vehicles. (Airport Commission)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballestros, Airport Commission; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

- 000081 [Grant to be used by the Airport to purchase compressed natural gas shuttle vehicles to reduce emissions and improve the air on terminal roadways and Bay Area cities]

Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$810,000 from the Bay Area Air Quality Management District (Air District) for acquisition of Compressed Natural Gas (CNG) shuttle vehicles. (Airport Commission)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballestros, Airport Commission; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

- 992261 [Street Parking Spaces]

Supervisor Yee

Hearing to consider the street parking spaces in the City.

12/6/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Bond Yee, Department of Parking and Traffic; Bob Planthold, Sr. Action Network; Philip Carleton; Supervisor Ammiano.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

- 992181 [Painted Crosswalks and Other Street Markings]

Supervisor Yee

Hearing to consider the cost to the City to paint crosswalks and other street markings to guide pedestrians and vehicles safely throughout the City, particularly in the Outer Sunset/Parkside areas.

11/22/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Bond Yee, Department of Parking and Traffic; Bob Planthold, Sr. Action Network; Philip Carleton; Supervisor Ammiano.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

991564 [City Employees Commuter Check Benefits]**Supervisor Ammiano**

Hearing to consider how to provide commuter check benefits to encourage public transit use by City employees.

8/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

12/15/99, CONTINUED. Continued to January 12, 2000.

1/12/00, CONTINUED TO CALL OF THE CHAIR.

Heard in Committee. Speakers: Supervisor Ammiano; Paula Vlamings, Legislative Analyst; Rick Ruvo, Clean Air Program; David Chan, Transportation Authority; Catherine Rigsby; Laura Spanjian, Municipal Railway.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

ADJOURNMENT

The meeting adjourned at 11:37 a.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 20, 2000 DOCUMENTS DEPT.

TO: Finance and Labor Committee

JAN 25 2000

FROM: Budget Analyst

SAN FRANCISCO
PUBLIC LIBRARY

SUBJECT: January 26, 2000 Finance and Labor Committee Meeting

Item 1 - File 99-2155

Item: Ordinance amending Part I of the San Francisco Municipal Code (San Francisco Administrative Code) by adding Article VIII, Sections 2.70 through 2.74 to Chapter 2 to provide a procedure for submission of General Obligation Bond accountability reports and specifying the content of said reports.

Description: Currently, the City does not have a procedure for reporting to the Board of Supervisors the actual expenditure of General Obligation (GO) Bond proceeds after the Board of Supervisors have appropriated such proceeds. The City Department or entity, receiving the GO Bond proceeds, provides a projection of the expenditure of the bond proceeds (referred to as the "proposed expenditure report" in the subject ordinance) at the time of the sale of GO Bonds, and again at the appropriation of the GO Bond proceeds. However, no formal reports for the actual expenditure of the bond proceeds are submitted to the Board of Supervisors after the Board of Supervisors has appropriated the GO Bond proceeds.

The proposed ordinance would amend the Administrative Code to require that each City Department or entity, receiving an appropriation of GO Bond proceeds, submit an

accountability report, reporting the actual expenditures made from the bond proceeds, within 60 days after the date that all such proceeds have been expended. The report would be submitted to the Treasurer, the Controller, the Clerk of the Board, the Budget Analyst, and the Director of Public Finance.

The accountability report would contain:

- (a) certification from an authorized official within the City Department or entity that the accountability report is true and correct;
- (b) the cumulative amount of GO Bond proceeds already expended on the project and available to be expended on the project;
- (c) a brief description of each project line item for which GO Bond proceeds have been expended (the description would be the same as in the proposed expenditure report submitted at the time of the sale of the GO Bonds, or the appropriation of the Bond proceeds);
- (d) the amount of Bond proceeds expended on each project line item and, if applicable, the estimate of the amount of Bond proceeds remaining to be spent on each project line item;
- (e) identification of both completed and uncompleted project line items;
- (f) the status of and explanation for each uncompleted project line item;
- (g) identification of and explanation for any project line item not included in the proposed expenditure report; and
- (h) identification of any project line item included in the proposed expenditure report for which Bond proceeds would not be used.

Additionally, the proposed ordinance would require that:

- (1) If the bond proceeds have not been expended by the date which is three years after the issuance of the GO Bonds, the Controller would request the City Department or entity, receiving an appropriation of bond proceeds, to submit an accountability report to the parties noted above.

(2) When GO Bonds for a project are issued in a series, the City Department or entity, receiving an appropriation of bond proceeds, would submit an accountability report for the portion of the GO Bonds which have been issued and for which bond proceeds have been appropriated, prior to the Board of Supervisors approval of the sale of any subsequent series of bonds for the same project.

According to Mr. Dave Sanchez of the City Attorney's Office, these two additional accountability reports are only required in the situations described above. A City department or entity, which has submitted an expenditure report as noted in (1) or (2) above, would still be required to submit an expenditure report to the Board of Supervisors 60 days after the date that all appropriated Bond proceeds had been expended.

Comments:

1. According to Mr. Sanchez, the proposed accountability report would be a reporting of the actual expenditures of GO Bond proceeds, in order to provide such actual cost data regarding these expenditures to the recipients of the report. Mr. Sanchez advises that, in accordance with Section 2.73 of the proposed ordinance, issuance of the accountability report would not affect the validity of the authorization and issuance of any bonds.

Mr. Sanchez states that it would be within the discretion of the City Department or entity, which received the bond proceeds, to determine the level of reporting to be made in the subject report. The City Department or entity would define the project line item, discussed above. Currently, when a Department or entity requests an appropriation of bond proceeds, they provide a detailed list of projects for which the bond proceeds would be expended. Mr. Sanchez states that this list of projects, referred to in the proposed ordinance as the "proposed expenditure report", would be the basis of the project line item, submitted in the accountability report.

2. Ms. Ann Carey of the Controller's Office states that authority to expend proceeds from GO Bonds can be narrowly or broadly defined. In the instance when authority to expend bond proceeds is narrowly defined, the accountability report would account for bond proceed

expenditures on the specified tasks. Ms. Carey states that, in the instance when authority to expend bond proceeds is broadly defined, the City Department or entity has flexibility in determining the expenditure of such proceeds. The City Department or entity may expend the proceeds on projects different from the ones identified at the time of the appropriation of the bond proceeds, based on changing needs or priorities. Such expenditures would be within the authority of the City Department or entity if these expenditures were within the broadly defined categories, established at the time of issuance of the GO Bonds. However, in such instances, approval of this legislation would result in the Board of Supervisors knowing what actual expenditures have been incurred. Mr. Sanchez advises that the proposed legislation would not require that actual expenditures match the proposed expenditures, submitted at the time of the appropriation of the bond proceeds.

3. According to Ms. Tina Olson of the Department of Public Works (DPW), the proposed accountability report would formalize the bond reporting process. Currently, DPW has a bond reporting process that includes financial plans, monthly project management reports, and monthly bond meetings. Ms. Olson states that the proposed accountability report would formalize DPW's process by ensuring periodic reporting and by requiring the project manager to work with the DPW financial analysts, assigned to capital projects, to ensure that the numbers are complete and accurate. According to Ms. Olson, compliance with the proposed ordinance would require DPW to establish formal guidelines and procedures, including (a) the recording of appropriations and reserves, (b) the level of project reporting in FAMIS, (c) the allocation of funds to the UNA (Unallocated Account) sub-fund¹, (d) accounting quality controls, (e) level of review, and (f) timing of reports.

¹ DPW established the UNA sub-fund for projects with multiple funding sources, where expenditures and encumbrances could not be broken down at the point of recording transactions. Under general guidelines, budgets are established under the proper sub-fund and expenditures/encumbrances are recorded in UNA. Expenditures in the UNA are reallocated on a monthly basis to the proper sub-fund.

4. Ms. Olson states that, in order to comply with the proposed ordinance, the City would need to establish which City Department or entity would be responsible for compliance: the entity requesting appropriation of the bond proceeds, or the City Department performing the work. If DPW, as the performing Department, were deemed responsible, then Ms. Olson states that the appropriation and project structure would need to stay within DPW.

Mr. Sanchez advises that the proposed ordinance specifies that the City Department or entity receiving the appropriation of Bond proceeds would be responsible for submitting the required accountability report to the Board of Supervisors. However, Mr. Sanchez states that, if DPW were managing the actual projects for which the subject bond proceeds had been appropriated, DPW would have the information required for the accountability report. Therefore, Mr. Sanchez states that, in practice, DPW might prepare the accountability report but the City Department or entity that received the bond proceeds appropriation would be required to sign-off on such report.

5. Additionally, Ms. Olson states that the City Department or entity would need to determine the person within the Department or entity, who would (a) have overall responsibility for compliance with the proposed ordinance, (b) be authorized to certify the accountability report, and (c) have specific responsibility for the bond-funded projects.

6. Ms. Olson states that formalizing the bond reporting process, in compliance with the proposed ordinance, would require DPW to develop formal procedures to administer this ordinance and to identify the responsible person to manage the overall process for DPW. According to Ms. Olson, such formalization of the bond reporting process would increase Departmental workload and may require additional staff assistance. However, Ms. Olson states that DPW would not request additional positions to address this workload.

7. According to Mr. Sanchez, the proposed ordinance applies to non-City entities, such as the San Francisco Unified School District and the San Francisco Community College District. However, since the City cannot bind a non-City entity directly, Mr. Sanchez advises that, if a non-City entity receives an appropriation of General Obligation Bond proceeds, the City would need to enter into a Memorandum of Understanding or other type of agreement with the non-City entity, requiring that the non-City entity submit an accountability report to the Board of Supervisors.

Recommendation: Approve the proposed ordinance.

Item 2 - File 00-0084

Department: Department of Human Resources (DHR)
Department of Real Estate (DRE)

Item: Resolution authorizing a new lease at 30 Van Ness Avenue for the Department of Human Resources' Workers Compensation Division.

Location: 30 Van Ness Avenue, third floor

Purpose of Lease: To provide space for the DHR's Workers Compensation Division.

Lessor: Herbst Foundation

Lessee: The City and County of San Francisco, acting by and through the DHR.

No. of Sq. Ft. and Cost Per Month: 11,563 square feet at a monthly rental rate of approximately \$26,017 (\$2.25 per square foot) for years 1 through 5, and a monthly rental rate of approximately \$27,944 (approximately \$2.42 per square foot) for years 6 and 7.

Annual Cost: \$312,201 in years 1 through 5, and \$335,327 in years 6 and 7.

Utilities and Janitorial Service: Provided by Lessor.

Term of Lease: April 1, 2000 to March 31, 2007 (seven years)

Right of Renewal: According to Mr. Steve Alms of the DRE, there are two options of five years each to extend the term of the seven-year lease. The Lessor would be able to adjust the rent at the beginning of each five-year extension term in line with the Consumer Price Index (San Francisco/Oakland base).

Source of Funds: FY 1999-2000 DHR budget.

Description: The proposed resolution would authorize a new seven-year lease of 11,563 square feet of space for the DHR at

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30 Van Ness Avenue. This space would accommodate the DHR's Workers Compensation Division.

Comments:

1. According to Mr. Fred Howell of DHR, the 49 employees of DHR's Workers Compensation Division currently occupy approximately 9,127 square feet of the 18,254 square feet of office space leased by DHR at 1145 Market Street. The remaining approximately 9,127 square feet is occupied by DHR's Health Service System staff comprising 51 employees. DHR wishes to move the Workers Compensation Division from 1145 Market Street to 30 Van Ness Avenue in order to permit DHR's Health Service System staff to occupy the entire 18,245 square feet at 1145 Market Street. According to Ms. Ann Sommercamp of DHR, the additional space for the Health Service System is needed to house the 7 additional staff included in the FY 1999-2000 budget, who were authorized to eliminate the City's health insurance claims backlog and to provide improved customer service to the City's various health plan participants. Additional space is also required to enlarge (a) the open enrollment area, and (b) the training area, according to Ms. Sommercamp. With the additional 7 employees for the Health Service System, the Health Service System would have 58 employees occupying 18,254 square feet of space, or an average space per employee of 314.7 square feet. However, as noted above, a portion of such space would be allocated to enlarge the open enrollment and training areas.

2. Under the proposed new lease, the 49 employees of the DHR Workers Compensation Division, presently located at 1145 Market Street, would be relocated to 11,563 square feet of space at 30 Van Ness Avenue. Therefore, the 30 Van Ness Avenue facility would provide the Workers Compensation Division with approximately 2,436 square feet, or 26.7 percent of additional space (11,563 less 9,127) than the approximately 9,127 square feet currently occupied at 1145 Market Street. Mr. Howell states that the approximately 2,436 square feet of additional space at 30 Van Ness Avenue would provide space for separate computer, lunch, and conference rooms which the Workers Compensation Division currently shares with the Health Service System at 1145 Market

Street. On average, the 49 employees would occupy approximately 236 square feet per employee.

3. The total rent for the Workers Compensation Division and Health Service System employees at 1145 Market is \$322,135 annually. Since that space will continue to be occupied by the Health Service System, the proposed rent of \$312,201, beginning in Year 1 of the proposed new lease, represents an additional cost to the City.

4. Mr. Alms states that the proposed monthly rental rates of \$26,017 in years 1 through 5 and \$27,944 in years 6 and 7 represent fair market value.

5. The Lessor, the Herbst Foundation, would provide, at no cost to the City, tenant improvements pursuant to the DHR's specifications up to a maximum cost of \$350,000. Completion of these improvements is expected by April 1, 2000. The DHR would be responsible for additional tenant improvement costs of up to \$34,000 for (a) additional floor strengthening to accommodate the weight of the Workers Compensation Division's shelving requirements, and (b) computer room heating, ventilation, and air-conditioning systems. The costs of these additional tenant improvements would be paid from within DHR's previously approved FY 1999-2000 budget, according to Mr. Howell.

Recommendation: Approve the proposed resolution.

Item 3 - File 00-0018

Department: Airport Commission

Item: Resolution concurring with the action of the Airport Commission, authorizing a professional services contract with the University of California (UC), a sole source provider, to perform herring and oyster habitat studies in the San Francisco Bay. This resolution states that the City would waive the indemnification requirement for patent rights, copyright, or trademark infringement.

Amount: \$306,000

Source of Funds: Airport Commercial Paper Program

Term of Contract: March 1, 2000 through February 28, 2001 (one year)

Budget: The summary budget for the proposed contract is as follows:

Salary and Benefits	\$149,000
Supplies and Expenses	42,500
Other Expenses	25,500
Travel	<u>12,000</u>
Subtotal, Direct Costs	229,000
Indirect Costs (approximately 33.6% of direct costs)	<u>77,000</u>
Total Contract Costs	\$306,000

The attached memorandum, provided by the Airport, contains details to support the summary budget shown above.

Description: The proposed contract between the Airport and the University of California would authorize UC to perform herring and oyster habitat studies in the San Francisco Bay as part of the Airport's Runway Reconfiguration Program. The Runway Reconfiguration Program would reconfigure the Airport's existing runways in order to reduce air traffic delays, reduce noise, and accommodate larger aircraft. The Airport is currently in the environmental and planning stages of the project, including conducting meetings with the Bay

Conservation and Development Corporation (BCDC), environmental and community organizations, and the Federal Aviation Administration.

Comments:

1. According to Ms. Paula Jesson of the City Attorney's Office, the University of California has a policy against agreeing to indemnify third parties with respect to claims based on copyright and trademark infringement. Ms. Jesson advises that, given the specialized nature of the services being sought, it would be reasonable for the Board of Supervisors to conclude that the need for the services outweighs the potential liability to the City.

2. The City Attorney advises that Board of Supervisors approval of this resolution is necessary only because the subject contract contains a clause waiving Section 6.21 of the City Administrative Code, requiring indemnification of the City for patent rights, copyright, or trademark infringement.

3. According to Mr. Greg Lyman of the Airport, the Airport Reconfiguration Program would include a plan to restore portions of the Bay to wetlands, to offset any Bay land that would be filled-in in order to create new runways. Mr. Lyman states that the proposed contract with the University of California to study the herring and oyster habitats would be part of the Airport's plan to minimize the environmental impact of the runway reconfiguration on the Bay. The Airport would award the contract to UC on a sole source basis because the UC Bodega Marine Laboratory, which would conduct the study, has unique experience and expertise in this field, according to Mr. Lyman.

Recommendation: Approve the proposed resolution.

SUMMARY BUDGET (12 months)

Gary N. Cherr (Bodega Marine Laboratory, UC Davis)

Fred J. Griffin (Bodega Marine Laboratory, UC Davis)

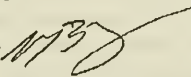
Robert Twiss (REGIS, UC, Berkeley)

Stephen Bollens (Romberg Tiburon Center, SFSU)

<u>CATEGORY</u>	<u>BML</u>	<u>UCB</u>	<u>SFSU</u>	<u>TOTAL PROJECT</u>
A. PERSONNEL: SALARY & BENEFITS	\$106,010	\$23,490	\$19,500	\$149,000
B. SUPPLIES & EXPENSES	31,000	8,500	6,000	42,500
C. OTHER COSTS				
Administrative:	2,500			2,500
Tech Advisory	8,000			8,000
Romberg Tiburon Center Survey	5,000		10,000	15,000
D. TRAVEL	12,000			12,000
Total Direct Costs	<u>\$184,510</u>	<u>\$29,990</u>	<u>\$34,500</u>	<u>\$229,000</u>
Indirect Costs @ 26% of \$180,895 *	44,290			44,290
@ 50.4% of \$33,859 *		15,115		15,115
@ 51% of \$45,297 *			17,595	17,595
Total Budget	<u>\$208,800</u>	<u>\$45,105</u>	<u>\$52,095</u>	<u>\$306,000</u>

* Indirect Costs are fixed by Institution and location of facility. They represent overhead charges that are submitted to the State. The Indirect Cost Rate

**AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO**

TO: Severin Campbell **DATE:** January 18, 2000
FROM: Greg Lyman 
SUBJECT: *UC Regents Indirect Costs*

The Airport wishes to enter into contract with the Regents of the University of California to study herring and oyster habitat. The U.C. Regents have the unique capability to perform this work through the U.C. Davis facility, the Bodega Marine Laboratory. Additionally, U.C. Berkeley and San Francisco State University will participate.

The universities constructed their budget using large indirect costs. The indirect costs include general administration and overhead (GAO), facility use (laboratory and aquarium facilities), and benefits not covered in the Salary and Benefits category (typical Benefit costs were calculated at 11% of salary). The indirect amount is calculated as a percentage of project costs, approximately 25% of the budget.

If a private consulting firm provided the services, the indirect costs would be included in the labor charges. If the indirect costs (\$77,000) were added to the Labor and Benefits cost (\$149,000) and divided by raw salary (estimated at \$130,000), the resulting labor multiplier would be approximately 1.70. This labor multiplier compares well to the consulting industry.

Please call me with your questions and comments.

cc: Peg Divine
Kevin Kone
Melba Yee
Paula Jesson
Lyn Calderine

Item 4 - File 00-0079

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$109,200 from the Bay Area Air Quality Management District (BAAQMD) for acquisition of medium duty Compressed Natural Gas (CNG) bus vehicles. Medium duty vehicles are buses that seat approximately 15 to 22 passengers. The vehicles range from 10,000 to 14,000 pounds gross vehicle weight.

Amount: \$109,200

Source of Funds: Transportation Fund for Clean Air (TFCA) administered by the Bay Area Air Quality Management District (BAAQMD)

Grant Period: January 2000 – May 2000

Description: The Airport CNG Scheduled Vehicle Project -- Medium Duty Vehicles is a demonstration project to encourage companies that transport persons to and from the Airport to replace a portion of their gasoline- and diesel-powered vehicles with clean Compressed Natural Gas (CNG) vehicles. The demonstration project would provide funds to transportation companies operating at the Airport that have not previously operated CNG vehicles to subsidize the incremental cost of CNG vehicles over gasoline- and diesel-powered vehicles.

According to the Airport, the demonstration project would reduce pollution on Airport roadways and throughout the region and represents an innovative and cost-effective use of TFCA funds. If the demonstration is successful, the Airport anticipates that transportation companies will use their own funds to purchase additional CNG vehicles. The demonstration project would also help assess CNG vehicle performance in scheduled transportation services near the Airport and on routes to San Francisco. In addition, the project will help indicate the marketing potential for clean fuel vehicles.

The grant would provide partial funding to replace five medium-duty gasoline- or diesel-powered buses with five

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dedicated CNG buses. The funds provided by the BAAQMD would cover the difference in the cost between gasoline- or diesel-powered vehicles and the CNG vehicles. This grant would allow participating transportation companies to purchase an estimated five CNG vehicles at regular gasoline- or diesel-powered vehicle prices. The transportation companies would supplement the grant funds they receive in order to cover the entire cost of the new CNG vehicles. This grant provides approximately 22.9 percent, or \$109,200, of the total cost of the estimated five CNG vehicles. The grant recipients would provide the balance of 77.1 percent, or \$368,000, of the total cost of \$477,200 for the five CNG vehicles. (See Attachment for details.)

Two transportation operators, Caltrain-SFO Shuttle (operated by Airline Coach Service) and Bauer Transport Service have provided the Airport with letters of intent to participate in the demonstration project, and have provided specific information on the gasoline- and diesel-powered vehicles, which the companies plan to replace in exchange for CNG vehicles. The Airport would administer the grant, disburse BAAQMD funds to participating transportation companies, and monitor the project.

According to Mr. Roger Hooson of the Airport, an important component of this demonstration project is the CNG fueling station at the Airport's Ground Transportation Staging Area located near the U.S. 101 Millbrae Avenue interchange. The Airport awarded a lease to a private firm, Trillium USA, to build and operate the CNG fueling station facility. This fueling station became operational in June of 1999 and is accessible to any of the Airport's contracted and permitted transportation companies that provide transportation to and from the Airport. These services include door-to-door vans, scheduled vehicles, taxis and the Caltrain-SFO Shuttle. Under the terms of its lease with the Airport, Trillium USA pays to the Airport three percent of its gross revenues, or a minimum of \$569 monthly (\$6828 annually), whichever is greater.

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Budget:

Estimated Costs (Estimates are based on the incremental increased cost of a CNG fueled vehicle compared to a conventional fueled vehicle – See Attachment for details)		
Per 25 Passenger Vehicle	\$15,000 x 4 vehicles	\$60,000
Per 30 Passenger Vehicle	\$40,000 x 1 vehicle	\$40,000
Reserved for Increased Costs (Retained by BAAQMD if not needed)		\$9,200
Total Budget for Grant:		\$109,200

To supplement the BAAQMD grant, the grant recipients would pay the balance of \$368,000 of the estimated total cost of \$477,200 for the five CNG vehicles.

Mr. Hooson advises that all costs under this grant are capital costs, and 100 percent of the funds would be used toward the purchase of the five CNG fueled vehicles. The actual amount paid by the BAAQMD will depend in the number and type of the CNG vehicles ultimately sought by the transportation companies, and the incremental costs of each vehicle purchased, compared to the closest gasoline- or diesel-powered model. However, based on the estimated cost data provided, a total of five CNG vehicles would be purchased.

**Airport
Matching Funds:**

None.

Indirect Costs:

Indirect costs would be waived in order to maximize use of grant funds on direct services.

Comments:

1. Mr. Hooson reports that the Airport has selected five vehicles under two transportation operators for the demonstration project (See Attachment). These two operators would purchase, operate, and maintain the vehicles to be funded by this program. The two operators would also compile vehicle maintenance histories and provide the data to the Airport. The two transportation companies would be required to participate in audits that, if deemed necessary, would be conducted by the Airport and

the BAAQMD to verify the companies' compliance with grant's guidelines.

2. The Airport's Commission has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.

3. The Airport's Americans with Disabilities (ADA) Coordinator reports that the project as proposed is in compliance with (a) the Americans with Disabilities Act and (b) with all other Federal, State and local access laws and regulations.

4. Item 5, File 00-0080, and Item 6, File 00-0081, of this report to the Finance and Labor Committee also pertain to two other Airport grants related to the acquisition of CNG vehicles at the Airport.

Recommendation: Approve the proposed resolution.

AIR DISTRICT GRANT 98R46

PROPOSED DISTRIBUTION OF GRANT FUNDS (SUBJECT TO CHANGE)

<u>Transport Operator</u>	<u>Vel. Make</u>	<u>Vel. Model</u>	<u># Seats</u>	<u>Base Vel. Cost</u>	<u>Grant Funds Per Vel.</u>	<u># of Vel.</u>	<u>Total Grant Funds</u>	<u>Total Cost</u>
Caltrain-SFO Shuttle (operated by Airline Coach Service)	Champion	CIS	25	\$77,000	\$15,000	4	\$60,000	
Bauer Transport Service	El Dorado	Mid-Size	30	\$60,000	\$40,000	1	\$40,000	
SUBTOTAL						5	\$100,000	
Reserved for contingencies (retained by Air District if not needed)							\$9,200	
TOTAL				\$368,000			\$109,200	\$477,200

Notes:

- Only the actual documented incremental costs of CNG vehicles will be reimbursed by the Air District. Payment is made only after a purchase order has been executed and dealer has been paid.
- Grant amount applied for may exceed actual reimbursement due to changes in involved transportation operators, number of vehicles ordered, and other factors.

Item 5 - File 00-0080

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$90,000 from the Bay Area Air Quality Management District (Air District) for acquisition of heavy duty compressed Natural Gas (CNG) Vehicles. The heavy duty vehicles referred to in this grant are medium-sized buses that seat approximately 15 to 30 passengers. The vehicles weigh more than 10,000 pounds gross vehicle weight.

Amount: \$90,000

Source of Funds: Transportation Fund for Clean Air (TFCA) administered by the Bay Area Air Quality Management District (BAAQMD)

Grant Period: January 2000 – May 2000

Description: The Airport CNG Scheduled Vehicle Project – Heavy Duty Vehicles is a demonstration project to encourage companies that transport persons to and from the Airport to replace a portion of their gasoline- and diesel-powered vehicles with clean Compressed Natural Gas (CNG) vehicles. The demonstration project would provide funds to transportation companies operating at the Airport that have not previously operated CNG vehicles to subsidize the incremental cost of CNG vehicles over gasoline- and diesel-powered vehicles.

According to the Airport, the demonstration project would reduce pollution on Airport roadways and throughout the region and represents an innovative and cost-effective use of TFCA funds. If the demonstration is successful, the Airport anticipates that transportation companies will use their own funds to purchase additional CNG vehicles. The demonstration project would also help assess CNG vehicle performance in scheduled transportation near the Airport. In addition, the project will help indicate the marketing potential for clean fuel vehicles.

The grant would provide partial funds to replace two heavy duty gasoline- or diesel-powered buses with two dedicated

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CNG buses. The funds provided by the BAAQMD would cover the difference in the cost between gasoline- or diesel-powered vehicles and the CNG vehicles. This grant would allow participating transportation companies to purchase an estimated two CNG vehicles at regular gasoline- or diesel-powered vehicle prices. The transportation companies would supplement the grant funds they receive in order to cover the entire cost of the new CNG vehicles. This grant provides approximately 42.9 percent, or \$90,000, of the total cost of the two CNG vehicles. The grant recipients would provide the balance of 57.1 percent, or \$120,000, of the total cost of \$210,000 for the two CNG vehicles. (See Attachment for details.)

One transportation company, Bauer Transport Service, has provided the Airport with a letter of intent to participate in the demonstration project, and has provided specific information on the gasoline- and diesel-powered vehicles, which the company plans to replace in exchange for CNG vehicles. The Airport would administer the grant, disburse BAAQMD funds to participating transportation companies, and monitor the project.

According to Mr. Roger Hooson of the Airport, an important component of this demonstration project is the CNG fueling station at the Airport's Ground Transportation Staging Area, located near the U.S. 101 Millbrae Avenue interchange. The Airport awarded a lease to a private firm, Trillium USA, to build and operate the CNG fueling station facility. This fueling station became operational in June of 1999 and is accessible to any of the Airport's contracted and permitted transportation companies providing transportation to and from the Airport. These services include door-to-door vans, scheduled vehicles, taxis and the Caltrain-SFO Shuttle. Under the terms of its lease with the Airport, Trillium USA pays the Airport three percent of its gross revenues, or a minimum of \$569 monthly (\$6828 annually), whichever is greater.

Budget:

Estimated Costs (Estimates are based on the incremental increased cost of a CNG fueled vehicle compared to a conventional fueled vehicle – See Attachment for details)		
Per 30 Passenger Vehicle	\$40,000 x 2 vehicles	\$80,000
Reserved for Increased Costs (Retained by BAAQMD if not needed)		\$10,000
Net Total Budget for Grant:		\$90,000

To supplement the BAAQMD grant, the grant recipient would pay the balance of \$120,000 of the estimated total cost of \$210,000 for the two CNG vehicles.

Mr. Hooson advises that all costs under this grant are capital costs, and 100 percent of the funds would be used toward the purchase of the two CNG vehicles. The actual amount paid by the BAAQMD will depend in the number and type of the CNG vehicles ultimately sought by the transportation company, and the incremental costs of each vehicle purchased, compared to the closest gasoline- or diesel-powered model. However, based on the estimated cost data provided, an estimated total of two CNG vehicles would be purchased.

Airport

Matching Funds: None.

Indirect Costs: Indirect costs would be waived in order to maximize use of grant funds on direct services.

Comments: 1. Mr. Hooson reports that the Airport has selected two vehicles operated by one transportation company, Bauer Transport Service, for the demonstration project (See Attachment). The participating scheduled transportation firm will purchase, operate, and maintain the vehicles to be funded by this program. The firm will also compile vehicle maintenance histories and provide the data to the Airport. The transportation company will participate in audits that, if deemed necessary, may be conducted by the Airport and

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the BAAQMD to verify the company's compliance with grant guidelines.

2. The Airport Commission has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.

3. The Airport's Americans with Disabilities (ADA) Coordinator reports that the project as proposed is in compliance with the Americans with Disabilities Act and with all other Federal, State and local access laws and regulations.

4. Item 4, File 00-0079, and Item 6, File 00-0081, of this report to the Finance and Labor Committee also pertain to two other Airport grants related to the acquisition of CNG vehicles at the Airport.

Recommendation: Approve the proposed resolution.

AIR DISTRICT GRANT 98R47

PROPOSED DISTRIBUTION OF GRANT FUNDS (SUBJECT TO CHANGE)

<u>Transport Operator</u>	<u>Veh. Make</u>	<u>Veh. Model</u>	<u># Seats</u>	<u>Base Veh. Cost</u>	<u>Grant Funds Per Veh.</u>	<u># of Veh.</u>	<u>Total Grant Funds</u>	<u>TOTAL Cost</u>
Bauer Transport Service	El Dorado	Mid-Size	30	\$60,000	\$40,000	2	\$80,000	
						2	\$80,000	
SUBTOTAL							\$10,000	
Reserved for contingencies (retained by Air District if not needed)								
TOTAL				\$120,000			\$90,000	\$210,000

Notes:

- Only the actual documented incremental costs of CNG vehicles will be reimbursed by the Air District. Payment is made only after a purchase order has been executed and dealer has been paid.

- Grant amount applied for may exceed actual reimbursement due to changes in involved transportation operators, number of vehicles ordered, and other factors.

Item 6 - File 00-0081

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$810,000 from the Bay Area Air Quality Management District (BAAQMD) for acquisition of Compressed Natural Gas (CNG) shuttle vehicles. Shuttle vehicles vary in size and seat approximately 15 to 30 passengers. These shuttles transport persons between the Airport and hotels or parking facilities.

Amount: \$810,000

Source of Funds: Transportation Fund for Clean Air (TFCA) administered by the Bay Area Air Quality Management District (BAAQMD)

Grant Period: January 2000 – May 2001

Description: The Airport Clean Fuel Courtesy Shuttle Demonstration Project is a demonstration project to encourage Airport hotel and private parking lot courtesy shuttle bus operators to replace a portion of their gasoline- and diesel-powered vehicles with clean Compressed Natural Gas (CNG) vehicles. The demonstration project would provide funds to make it more affordable for shuttle bus operators to purchase CNG vehicles.

According to the Airport, the demonstration project would reduce pollution on Airport roadways and throughout the region and represents an innovative and cost-effective use of TFCA funds. The demonstration project would also help assess CNG vehicle performance in high frequency, stop-and-start, courtesy shuttle service around the Airport. The demonstration project would initiate the multi-year replacement of hotel conventional fuel courtesy shuttle vehicles, estimated by the Airport to number 130 vehicles in total, with clean fuel vehicles, and would demonstrate whether similar replacement is feasible for parking lot shuttle vehicles.

The demonstration project would complement a proposed Airport initiative to charge triple Airport access fees to

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hotels that acquire new conventional fuel shuttle vehicles into Airport service starting in 2000. The current access fee to Airport terminal facilities for hotel shuttle vehicles is \$1.60 per trip. Beginning July 1, 2000, the access fee will increase to \$1.75 per trip, and the Airport will begin tripling this fee to a total of \$5.25 per trip for new conventional fuel shuttles. Airport fees for access of vehicles to Airport terminal locations are not subject to approval by the Board of Supervisors.

The grant would provide partial funding to purchase 22 CNG vehicles servicing various hotels and one off-Airport parking facility. The grant provides approximately 28.7 percent, or \$810,000, of the total cost of the 22 CNG vehicles. The grant recipients would provide the balance of approximately 71.3 percent, or \$2,010,000, of the estimated total cost of \$2,820,000 for 22 the CNG vehicles. The Attachment to this report, provided by the Airport, contains a list of the seven grant recipients servicing hotels and the parking facility that would receive funding under the proposed demonstration project, along with the proposed allocation for each and the number of CNG fuel vehicles being acquired. Because hotel shuttle consolidation or comparable trip reduction is also required to avoid the higher access fees discussed above, the 22 new CNG vehicles are expected to replace approximately 30 current conventional fuel vehicles, thereby further reducing fuel emissions.

Six hotels providing shuttle services, the SFO Airporter, and one off-Airport parking lot operator have provided the Airport with a letters of intent to participate in the demonstration project, and have provided specific information on the gasoline- and diesel-powered vehicles which the companies plan to replace in exchange for CNG vehicles. The Airport would administer the grant, disburse BAAQMD funds to participating transportation companies, and monitor the project.

According to Mr. Roger Hooson of the Airport, an important component of this demonstration project, not requiring BAAQMD funds, is the CNG fueling station at the Airport's Ground Transportation Staging Area, located near the U.S. 101 Millbrae Avenue interchange. The Airport awarded a

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lease to a private firm, Trillium USA, to build and operate the CNG fueling station facility. This fueling station became operational in June of 1999 and is accessible to any of the Airport's contracted and permitted transportation companies that provide transportation to and from the Airport. These services include door-to-door vans, scheduled vehicles, taxis and the Caltrain-SFO Shuttle. Under the terms of its lease with the Airport, Trillium USA pays the Airport three percent of its gross revenues, or a minimum of \$569 monthly (\$6,828 annually), whichever is greater.

Budget:

Estimated Grant Amounts		
(Estimates are based on the incremental increased cost of a CNG fueled vehicle compared to a conventional fueled vehicle – See Attachment for details.)		
Per Vehicle	\$45,000 x 13 vehicles	\$585,000
Per Vehicle	\$25,000 x 9 vehicles	\$225,000
Total Budget for Grant:		\$810,000

The grant recipients would pay an estimated \$2,010,000 for the 22 CNG fueled vehicles, for a total cost of \$2,820,000.

Mr. Hooson advises that all costs under this grant are capital costs, and 100 percent of the funds would be used toward the purchase of 22 CNG vehicles. The actual amount paid by the BAAQMD will depend in the number and type of the CNG vehicles ultimately acquired by the grant recipients, and the incremental costs of each vehicle purchased, compared to the closest gasoline- or diesel-powered model. However, based on the estimated cost data provided, a total of 22 CNG vehicles would be purchased.

Airport

Matching Funds:

None

Indirect Costs:

Indirect costs would be waived in order to maximize use of grant funds on direct services.

Comments:

1. Mr. Hooson reports that the Airport has selected 22 vehicles operated by the six hotels, the SFO Airporter, and

BOARD OF SUPERVISORS
BUDGET ANALYST

one off-Airport parking facility for the demonstration project (See Attachment). Participating companies would purchase, operate, and maintain the vehicles to be funded by this program. The eight firms would also compile vehicle maintenance histories and provide the data to the Airport. The eight firms would participate in audits that, if deemed necessary, may be conducted by the Airport and the BAAQMD to verify the companies' compliance with grant guidelines.

2. According to Mr. Hooson, approximately 190 vehicles are currently used for Airport courtesy and parking lot shuttles, of which two are powered by CNG fuel. This grant would increase the number of CNG shuttles to approximately 24 shuttles.

3. The Airport Commission has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.

4. The Airport's Americans with Disabilities (ADA) Coordinator reports that the project as proposed is in compliance (a) with the Americans with Disabilities Act and (b) with all other Federal, State and local access laws and regulations.

5. Item 4, File 00-0079, and Item 5, File 00-0080, of this report to the Finance and Labor Committee pertain to two other Airport grants related to the acquisition of CNG vehicles at the Airport.

Recommendation: Approve the proposed resolution.

AIR DISTRICT GRANT 99IC29
PROPOSED DISTRIBUTION OF GRANT FUNDS (SUBJECT TO CHANGE)

<u>Transport Operator</u>	<u>Veh. Make</u>	<u>Veh. Model</u>	<u># Seats</u>	<u>Base Veh. Cost</u>	<u>Grant Funds Per Veh.</u>	<u># of Veh.</u>	<u>Total Grant Funds</u>	<u>Total Cost</u>
West Western El Rancho	Startrans	Supreme	21	\$80,000	\$25,000	1	\$25,000	
Crowne Plaza Foster City	Startrans	Supreme	25	\$75,000	\$25,000	1	\$25,000	
Doubletree	Startrans	Supreme	25	\$75,000	\$25,000	2	\$50,000	
Embassy Suites Burlingame	Startrans	Supreme	25	\$75,000	\$25,000	1	\$25,000	
Parking Company of America	FJ Dorado	Bus	23	\$50,000	\$25,000	4	\$100,000	
Red Roof Inns	Blue Bird	CS	25	\$110,000	\$45,000	1	\$45,000	
SFO Airport	Blue Bird	Q-Bus	25	\$110,000	\$45,000	11	\$495,000	
Sheraton Gateway	Blue Bird	CS	23	\$110,000	\$45,000	1	\$45,000	
TOTAL				\$2,010,000		22	\$810,000	\$2,820,000

Notes:

- Only the actual documented incremental costs of CHG vehicles will be reimbursed by the Air District. Payment is made only after a purchase order has been executed and dealer has been paid
- Grant amount applied for may exceed actual reimbursement due to changes in involved transportation operators, number of vehicles ordered, and other factors.

Items 7 and 8 – Files 99-2261 and 99-2181

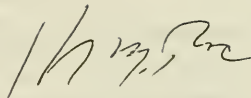
1. File 99-2261 is a hearing to consider the street parking spaces in the City. The Attachment to this report, provided by the Department of Parking and Traffic (DPT), provides specific information on the number of street parking spaces, curb spaces, parking meters and residential permit parking and discusses some of the issues regarding street parking in the City. As shown on the second page of the Attachment, DPT indicates there are 310,000 on-street parking spaces in San Francisco.
2. File 99-2181 is a hearing to consider the cost to the City of painting crosswalks and other street markings to guide pedestrians and vehicles safely throughout the City, particularly in the Outer Sunset/Parkside areas. The Attachment to this report, provided by DPT, outlines the City's traffic painting program, maintenance cycles and budget and provides background information on crosswalks, and a recent program entitled Parking Operations, Signs, Signals and Enforcement (P.O.S.S.E.).
3. As shown on the first page of the DPT Attachment, there are an estimated 7,000 intersections in San Francisco, with approximately 4,500 designated with crosswalk lines. Of the approximately 4,500 crosswalks, 3,600 or 80 percent are painted white and 900 or 20 percent are painted yellow, designating a school crossing. Ms. Julia Dawson of DPT reports that DPT currently has no plans to expand the number of painted crosswalks in the City. The Attachment indicates that the existing painted crosswalks are on a ten-year cycle for maintenance and repainting.
4. As noted on the first page of the Attachment, the City's traffic painting program and maintenance activities are supported by a \$1.5 million yearly budget, which covers labor, materials and other costs. According to Ms. Dawson, all of these costs are paid with State Road Funds, from Gas Tax revenues. Ms. Dawson estimates that the current cost for direct labor and materials to paint an average 40 foot crosswalk in a residential area is approximately \$310. Including overhead and other costs of approximately 22 percent, or \$68, the total estimated cost for installing an average 40 foot crosswalk is approximately \$378.
5. According to Mr. Randy Ronning of Caltrans, one potential new funding source for the City to consider in using for painting crosswalks and other street markings is the Safe Routes to School Program. State legislation enacted on October 6, 1999 (AB1475) redirects approximately \$20,000,000 annually on a State-wide basis of Federal Highway Administration safety funds from railroad grade crossings and other transportation safety programs to a new program entitled "Safe Routes to Schools" (SR2S). The SR2S

Program aims to reduce pedestrian and bicycle accidents by (a) installing warning devices, traffic signals, and new signs, (b) improving visibility, crosswalk conditions, and artificial lighting, (c) constructing new bikeways and pathways, and (d) widening existing bikeways and pathways, on a route to a public or private school which offers classes in kindergarten or grades 1 through 12.

6. The SR2S Program will be administered by the State Department of Transportation (Caltrans) as a two-year pilot program between February of 2000 and February of 2002, for a total two-year allocation of \$40,000,000 State-wide. According to Mr. Ronning, since these SR2S Program funds will not be allocated on a formula basis, Mr. Ronning cannot estimate the amount of funds that the State will allocate to San Francisco from this proposed new Program. Mr. Ronning advises that Caltrans district staff will determine whether or not a project is eligible for SR2S Program funds, up to a maximum of \$500,000 per project. According to Mr. Ronning, the standard State reimbursement rate under the proposed SR2S Program will be 90 percent, with the balance of ten percent funding to be provided from local funding sources.

7. Mr. Ronning advises that new State guidelines for the SR2S Program will be issued by Caltrans on February 10, 2000. Mr. Ronning indicates that the applications for such SR2S Program funds would be due from cities and counties throughout the State by April 6, 2000. Since the applicant for these funds are cities and counties, approval for acceptance and expenditure of such funds would be subject to the Board of Supervisors approval.

8. Ms. Dawson advises that the DPT will be applying for these SR2S funds, when the guidelines and application materials are made available. As of the writing of this report, Ms. Dawson could not identify the specific projects DPT would apply for SR2S funds to complete.



Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

HEARING ITEM #1-TRAFFIC STRIPING

Background: The following table inventories the City's traffic painting program and maintenance cycle:

Marking Type	Citywide Total	Maintenance Cycle
Traffic Lane Lines	650 miles	32 miles per year (15-20 year cycle)
White Crosswalks (# of intersections)	3600	10% per year (10 year cycle)
Yellow Crosswalks (# of intersections)	900	10% per year (10 year cycle)
STOP Legend and Bars	8000	15% per year (6 year cycle)
White Stencil Messages	8000	15% per year (6 year cycle)
SLOW SCHOOL XING Messages	873	17% per year (6 year cycle)
Parking Meter Stalls	22,000	23% per year (4 year cycle)
MUNI Bus Zones	5300	10% per year (10 year cycle)
Red Handicap Ramps	10,000	Variable
Color Curb Zones	15,000	50% per year (2 year cycle)

The traffic painting program is supported by a \$1.5 million yearly budget from the Road Fund, which covers labor, materials, and other costs.

In the last 20 years, federal regulations have affected the durability of the industry's standard paint. Fourteen years ago, the standard traffic paint was a fast drying, lacquer-based lead paint. Since the early 1990's, Clean Air regulations have mandated that this paint be replaced with an environmentally friendly waterborne traffic paint. Unfortunately, waterborne paint does not have the same durability, adhesion, coverage, and curing characteristics as the previous material, which makes it more difficult for usage in San Francisco. In our experience, waterborne paint has a maximum durability of only about one year. Under heavy traffic conditions, waterborne paint can wear out as quickly as a week. It also acts as a poor adhesive for glass beads, which means nighttime visibility is often compromised. To address the deficiencies of waterborne paint, we are now using two alternative marking materials. Thermoplastic and Methacrylate. Both materials last at least ten times longer than the waterborne paint (7-15 years depending on traffic density).

Crosswalks: Of the estimated 7,000 intersections in San Francisco, approximately 4,500 are designated with crosswalk lines. Of these, 3,600 have white crosswalks and 900 have yellow (school) crosswalks. We do not have painted crosswalks at all intersections because they do not have to be painted to give a pedestrian legal protection in crossing the street. According to the California Vehicle Code a crosswalk exists at an intersection *whether or not it is painted* and is defined as the projection of the sidewalk lines across the street.

There is a body of research that suggests that *not painting crosswalks* is actually safer for pedestrians. The first study was done in San Diego, where for five years, safety data was collected for 400 intersections. At each of these intersections, a crosswalk was painted on only one side of the intersection. There were five times as many accidents in the painted crosswalks. There were twice as many pedestrians using the painted crosswalks, but this still means that the accident rate for the painted crosswalk was twice that of the unpainted crosswalk. The City of Los Angeles confirmed these findings in a study two years ago. These counter-intuitive findings

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January 19, 2000

Department of Parking and Traffic

are explained as a false-sense-of-security phenomenon. Pedestrians may be less on-guard within a painted crosswalk. As a result, we only recommend painting crosswalks to fulfill a channelization function, where we may want to encourage pedestrians to cross at a preferred location. This is the reason why many lower volume, lower speed, regularly configured intersections, such as those in the Richmond, Sunset, Marina, and Outer Mission, do not have marked crosswalks.

There is some interest in painting "ladder" or "zebra" type crosswalks in San Francisco. These are higher visibility pedestrian crossings, such as the mid-block crossing on Dr. Carlton B. Goodlett Place, leading from City Hall to the Civic Center plaza. These types of crossings are more labor- and material-intensive to install. They take ten times longer and require three times more material. We have traditionally used these types of markings at the more unexpected pedestrian crossings to highlight their location. To use them indiscriminately will dilute the importance of this marking device.

P.O.S.S.E. About a year ago, we started a neighborhood walk-through program to systematically restore faded signs and painting throughout various neighborhood shopping districts. We have given this program the acronym P.O.S.S.E. (Parking Operations, Signs, Signals and Enforcement). Once a month, we send a team of DPT personnel to a different neighborhood to concentrate on making improvements to that neighborhood. As examples, we have gone through Polk Street, 3rd Street, Mission Street, San Bruno Avenue, Castro Street, Valenica Street, Noriega Street, Union Street, Balboa Street, Lakeview Village, and Post Street.

HEARING ITEM #2—STREET PARKING

We estimate that there are about 310,000 on-street parking spaces in San Francisco. The following table summarizes the classifications for these spaces:

Type of Parking Space	Number
White Zone	1604
Green Zone	399
Yellow Zone	4500
Blue Zone	500
Metered Space	22,000
Non-metered Space	280,000
Total	310,000

A question was asked about the number of red zones in San Francisco. This number is difficult to quantify because we have different kinds of red zones of varying length throughout San Francisco. Some are used to provide proper spacing at metered areas. Many residents, for example, apply to the Department of Parking and Traffic to have short red zones painted next to their driveway. After we computerize this process, we will be able to provide better accounting of our red zone inventory.

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The City's Traffic Engineering Division has been managing the City's color curbs since 1984, when jurisdiction was transferred from the Police Commission. The Traffic Engineering Division created an objective set of criteria for designating new color curbs

We have made a concerted effort to remove obsolete color zones. For white and green zones, these are done in a programmatic way. Every two years, these kinds of zones require payment to be repainted. If the payment is not received, the zone is removed. Starting several years ago, under policy direction from the Parking and Traffic Commission, we evaluated and removed several hundred white zones, especially those at apartment buildings. For red zones, we have both searched our neighborhoods and responded to residents' complaints about unnecessarily long red zones since the mid-80's. We have also worked with the Board to shorten the legally required red zones at fire hydrants. These efforts have yielded about 200 to 300 parking spaces being reverted back to general parking a year.

Yellow zones are typically kept current via feedback from our Parking Enforcement personnel or by the general public. We do not collect fees for yellow zones because they are established on a different premise from white and green zones. Painting yellow zones is free to encourage businesses to apply for yellow zones to cut down on freight-related double-parking. To improve our management of yellow zones, we have are creating a computerized database of their locations. Since yellow zones serve an entire block and not necessarily any specific businesses, sometimes it is difficult to verify their need. With the P O S S.E. program, we have gained tremendous access to the merchants who are in the most position to judge their own needs. For example, during the Castro Street walkthrough, the merchants suggested that the loading zones need not be full time and that the time limit needs to be adjusted. We are currently implementing this change.

A further loading zone enhancement is our new Heavy Truck Loading Zone pilot program. Under this program, we will be creating special zones for larger delivery trucks, such as beverage delivery trucks, that weigh more than 20,000 pounds. Under current conditions, these vehicles often double park because smaller commercial vehicles may be occupying the yellow zones.

Parking Meters: The attached map shows all the blocks in San Francisco with parking meters. Parking meters are only installed where there is commercial demand for parking. There are about 22,000 on-street parking meters in San Francisco.

Residential Permit Parking: While parking meters are intended to help San Francisco's businesses, Residential Permit Parking (RPP) is intended to help its residents. Since this program started in 1976, it has grown to a total of 23 designated areas in the City. At the present time, there are two new residential permit parking areas being proposed near the new Pacific Bell Ballpark.

The City's RPP program has always been community-based. Residents must collect signatures and build consensus about the need for the regulations. It has become an immensely popular program, with the City currently issuing over 80,000 permits per year. Throughout the duration of the program, there has been only one instance where residents have requested elimination of

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the permit parking regulations after they were implemented. That one instance involved Area "Q," which is near Paul Avenue and 3rd Street, where a major employer left the area and eliminated the source of the parking problem.

In the last five years, we have submitted a total of 226 RPP-related legislative matters to the Board of Supervisors. The year-by-year totals are depicted in the following table:

Year	# of RPP Actions
1995	20
1996	41
1997	56
1998	49
1999	60

Most of these actions have been in only a few of the residential permit parking areas. The most active areas have been Area "S" (Duboce Triangle/Castro), Area "J" (UCSF), and Area "U" (South of Market). The most active areas are summarized in the following table, showing the number of extensions in the past five years:

RPP Area	Location	# of Extensions ('95-'99)
S	Duboce Triangle	47
J	UCSF	40
U	South of Market	30
I	Bartlett Street (Inner Mission)	17
R	Clary Court	17
V	Balboa Park	17
W	SF General Hospital	16

We have identified three significant issues with our current RPP program. These issues are (1) boundary effects, (2) area size, and (3) enforcement levels. What we mean by "boundary effects" are the effects of the residential permit parking regulations to residents who live just outside of the permit parking boundary. With each permit parking extension, there is a potential ripple effect to the next unregulated block. Theoretically, the ripple effect would end when the permit parking regulations extend far enough to discourage the original source of the problem--the all-day commuter parker--from parking in the neighborhood altogether. Until that threshold is reached, however, the commuter merely moves to the next block over with each extension unless there is a natural boundary, such as a park or a major arterial street. This can make parking more difficult for the residents on that block.

The second significant RPP issue is area boundary size. As noted, Area "S," the Duboce Triangle area, has had 47 extensions in the past five years. This area started out as a relatively small area near the U.S. Mint and has grown steadily since. Area "J," near UCSF has been expanding into the Haight-Ashbury neighborhood. As these areas grow in size, something can happen that works at cross purposes with the intention of the RPP program: residents commuting

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within an RPP area. Unfortunately, the only way our current program can counteract this would be for the residents to petition for a change. This, however, is unlikely when the area is too big.

The third significant RPP issue is enforcement. We have received some complaints about the level of permit parking enforcement. This issue is affected by the expanding permit parking areas as well as the permit parking fee. The intention of the permit parking program was to make it self-supporting, with the collected fees defraying the cost of administration and enforcement. With limited enforcement personnel, enforcement can only be performed on a rotating basis.



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman, Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, February 02, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:08 a.m.

991307 [Final Negative Declaration, Jobs-Housing Linkage Ordinance]
Supervisors Teng, Katz

Resolution adopting Final Negative Declaration, finding and determining that the Jobs-Housing Linkage Ordinance will have no significant impact on the environment, and adopting and incorporating findings of final negative declaration. (Planning Commission)

(Final Negative Declaration adopted and issued on April 27, 1999; companion measure to File 991304.)
6/30/99, RECEIVED AND ASSIGNED to Housing and Social Policy Committee. Companion measure to File 991304.
1/12/00, TRANSFERRED to Finance and Labor Committee.

Heard in Committee. Consideration continued to February 9, 2000. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director, Planning Department; Supervisor Ammiano; Supervisor Yee. Supervisor Katz requested to be added as sponsor.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

DOCUMENTS DEPT

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- 991304 [Planning Code amendment to rename "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply the program to hotel, entertainment, and retail space according to square footage]

Supervisors Teng, Katz

Ordinance amending Planning Code by amending Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, and 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program," to apply the program to all new and expanded hotel space of at least 25,000 square feet, to all new and expanded entertainment space of at least 50,000 square feet, and to all new and expanded retail space of at least 100,000 square feet, and by amending Section 314.1 of the childcare ordinance to conform to the new definition of "hotel." (Planning Department)

(Amends Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, 313.14, 314.1; adds Section 313.15; Final Negative Declaration dated April 27, 1999; Planning Commission Resolution No. 14832 adopted June 3, 1999 recommending proposed amendments to the Planning Code.)

6/30/99, RECEIVED AND ASSIGNED to Housing and Social Policy Committee. FEE ADRI REQUIRED BEFORE IT IS SCHEDULED

1/12/00, TRANSFERRED to Finance and Labor Committee

Heard in Committee. Consideration continued to February 9, 2000. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director, Planning Department; Supervisor Ammiano, Supervisor Yee. Supervisor Katz requested to be added as sponsor.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000063 [Reducing the City Attorney's Cash Revolving Fund from \$10,000 to \$8,000, consistent with the recommendations of the Controller's Audit Division]

Ordinance amending Administrative Code Section 10.136 to reduce the amount of money authorized to be in the City Attorney's Cash Revolving Fund from \$10,000 to \$8,000. (City Attorney)

1/7/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ed Harrington, Controller, Supervisor Yee; Ted Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000064 [Eliminating the Cash Revolving Fund of the Bureau of Claims of the City Attorney's Office, consistent with the recommendations of the Controller's Audit Division.]

Ordinance repealing Administrative Code Section 10.136-1 to eliminate the Cash Revolving Fund of the Bureau of Claims of the Office of the City Attorney. (City Attorney)

1/7/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Ed Harrington, Controller; Supervisor Yee, Ted Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000065 [DHS appropriation request to hire five (5) new employees to fund data base of fingerprint and photo images of persons applying/receiving benefits from CalWORKS and food stamp program to reduce fraud]

Ordinance appropriating \$120,840 of State and Federal Revenue to fund salaries, fringe benefits, training, other current expenses, materials and supplies, and for the creation of five (5) positions to operate the new State-mandated Statewide Fingerprint Imaging System (SFIS) for the Department of Human Services for fiscal year 1999-2000. (Controller)

(Companion measure to File 000066)

1/10/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst; Sally Kipper, Department of Human Services.

Amended title, line 1 to reduce amount of appropriation to \$102,155; page 2, line 12 to reduce CFIS to \$119,984; page 3, line 5 to reduce the Debit and Credit totals to \$102,155; page 3, line 17 to reduce the amount to \$44,434; page 3, line 19 to reduce the amount to \$11,153; page 3, line 23 to reduce the amount to \$10,374; page 3, line 25 to reduce the amount to \$2,604; page 4, line 11 to reduce the Debit and Credit totals to \$102,155; page 4, line 19 to make two of the three 1426 positions 1426 L positions and retain one 1426N position; page 4, line 25, add notation that all five new positions begin April 1, 2000.

AMENDED.

Ordinance appropriating \$102,155 of State and Federal Revenue to fund salaries, fringe benefits, training, other current expenses, materials and supplies, and for the creation of five (5) positions to operate the new State-mandated Statewide Fingerprint Imaging System (SFIS) for the Department of Human Services for fiscal year 1999-2000. (Controller)

(Companion measure to File 000066)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000066 [Amending 1999-2000 Annual Salary Ordinance to create 5 new positions (4 Class 1426 Senior Clerk Typists and 1 Class 2912 Senior Social Worker) for DHS.]

Ordinance amending Ordinance No. 209-99 (Annual Salary Ordinance, 1999/2000) reflecting the creation of five (5) positions for the Department of Human Services. (Department of Human Services)

(Companion measure to File 000067)

1/10/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst; Sally Kipper, Department of Human Services.

Amended line 10 to make two of the three 1426 positions 1426 L positions and retain one 1426N position; line 16, add notation that all five new positions begin April 1, 2000.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000082 [Appropriation in the amount of \$22,950,547 from Bonds proceeds and interest earnings to fund the reconstruction and relocation of the Asian Art Museum]

Ordinance appropriating \$22,950,547 proceeds from the sale of Bonds and interest income (\$1,737,669 of 1989 Earthquake Safety Bond Interest, \$4,452,462 Asian Art Relocation Project Bond Series 1996 Interest and \$16,760,416 Asian Art Relocation Project Bond Series 1999 Bond Proceeds) for the reconstruction of the former Public Library and the relocation of the Asian Art Museum. (Controller)

(Fiscal impact.)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Ken Bruce, Budget Analyst; Ikuko Satoda, Chief Financial Officer, Asian Art Museum. Amended title line 1 to reduce amount to \$22,943,756 and line 3 to reduce bond proceeds to \$16,753,625; page 2, line 24, to reduce amount amount to \$16,753,625, page 3, line 6, to reduce debit and amounts to \$13,209; and line 16 to reduce credit amount to \$16,753,625

AMENDED.

Ordinance appropriating \$22,943,756 proceeds from the sale of Bonds and interest income (\$1,737,669 of 1989 Earthquake Safety Bond Interest, \$4,452,462 Asian Art Relocation Project Bond Series 1996 Interest and \$16,753,625 Asian Art Relocation Project Bond Series 1999 Bond Proceeds) for the reconstruction of the former Public Library and the relocation of the Asian Art Museum. (Controller)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000094 [Reserved Funds, Mayor's Office of Community Development]

Hearing to consider release of reserved funds, Mayor's Office of Community Development (1999 Community Development Block Grant: Resolution No. 90-99 Budget) in the amount of \$100,000 to be allocated to the San Francisco Housing Authority for its Census 2000/TURF project. (Mayor)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Consideration continued to February 9, 2000. Speakers. Ken Bruce, Budget Analyst; Pam David, Director, Mayor's Office of Community Development; Buddy Choy, Deputy Administrator, Housing Authority; Dan Fang, City Census Liaison, City Administrator's Office; Supervisor Yee.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000095 [Reserved Funds, Department of Public Health]

Hearing to consider release of reserved funds, Department of Public Health (Fiscal Year 1999-2000 Budget) in the amount of \$50,000 to fund an actuarial cost analysis to implement the San Francisco Methadone by Prescription Program (MPP). (Department of Public Health)

1/11/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers, Ken Bruce, Budget Analyst, Anne Okubo, Department of Public Health. Department to select contractor and submit contract cost details prior to release of reserve

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

SPECIAL ORDER - 11:00 A.M.

000045 [Authorizing the PTC General Manager to execute an agreement with Intelitran as a new paratransit broker to perform many important functions and to act as the principal customer service representative for paratransit services on behalf of PTC]

Resolution requesting the Board of Supervisors to approve a Paratransit Broker Agreement with Comsis Mobility Services, Inc., dba Intelitran for an amount not to exceed \$66,420,375 for a term of five years. (Public Transportation Commission)

(Fiscal impact.)

1/5/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Department requests this item be calendared at the January 26, 2000 meeting.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst; Michael Burns, Director, Department of Transportation; Annette Williams, Department of Transportation; Supervisor Yee; Supervisor Ammiano; Supervisor Newsom; Kathy Knox, Vice President, Public Transportation Commission; Jim Long, CEO and President, Intelitran; Supervisor Yee; Mark Soto, Local Manager, Intelitran; Regina Cerenio, Cerino Management Group; male speaker; Rosemary Dady, Bay Area Legal Aid; Sergio Alunan, Chairperson, Paratransit Coordinating Council; Lorie Hodas, member, second contract review group; August Longo, Chair, Franklin D. Roosevelt Democratic Club; Wayne Sherman; Bob Planthold reading statement for Luis Calderon; Gilda Chico, CCB; Elizabeth Dunlop; Peggy Coster; Claudia Boudreau, Golden Gate Regional Center; male speaker; Enid Lim, paratransit user; Mr. Loniski; Ina Aloha; Helen Marte Bautista; John King, senior service provider; Paul Cecil; Yakov Krakovsky; Darrik Lam, Commission on Aging; Inna Bleykinder; Bill Sorro, Community Advocate for Seniors; Kathy Davis; Thomas Campbell; Helen Lee, Self Help for the Elderly; Filemon Mordeno, Veteran; Erma Brim, Paratransit Coordinating Council member; Jeanne Lynch, Paratransit Coordinating Council member; male speaker; male speaker, Paratransit Broker's Office; male speaker; Walter Park, Mayor's Office of Disability; Mike, Delancy Street. Amended to correct title, page 1, line 2 to delete the words "requesting the Board of Supervisors to approve" and to add "approving"; line 4 to reduce amount to \$66,333,277 to delete COLA amount; page 2, line 17 to reduce amount to \$66,333,277.

AMENDED.

Resolution approving a Paratransit Broker Agreement with Comsis Mobility Services, Inc., dba Intelitran for an amount not to exceed \$66,333,277 for a term of five years. (Public Transportation Commission)

(Fiscal impact.)

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 12:57 p.m.

0.254
3
2/00
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

January 27, 2000

TO: Finance and Labor Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

FEB 02 2000

SUBJECT: February 2, 2000 Finance and Labor Committee Meeting

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Items 1 and 2 – Files 99-1304 and 99-1307

Departments: Department of Building Inspection (DBI)
Mayor's Office of Housing
Planning Department

Item: File 99-1304

Ordinance amending Article III, Chapter II, Part II of the Planning Code by amending Sections 313 and 313.1 to 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply that program to large-scale hotel, entertainment, and retail developments, and by amending Section 314.1 of the Childcare Ordinance to conform to the new definition of "hotel".

File 99-1307

Resolution adopting the final negative declaration that the Jobs-Housing Linkage Program will have no significant impact on the environment, and adopting and

incorporating the findings of the final negative declaration.

Description:

By attracting additional employees to the City, large-scale commercial developments increase the demand for affordable housing, according to Ms. Catherine Bauman of the Planning Department. Therefore, the City currently requires the developers of office developments which exceed 25,000 square feet to mitigate those developments' impact on the demand for affordable housing in one of three ways. The office developers can either (a) build affordable housing units¹ which are to remain affordable for 50 years, (b) pay an in-lieu fee to the Citywide Affordable Housing Fund based on a current rate of \$7.05 per square foot of new office space, or (c) pay the same amount to housing developers to build affordable housing units on their behalf.

The ordinance as amended (File 99-1304) would:

- Expand the coverage of the Jobs-Housing Linkage Program from office development projects of at least 25,000 square feet to also include other large-scale commercial development projects, which are defined as (a) all new and expanded hotel space of at least 25,000 square feet, (b) all new and expanded entertainment space of at least 50,000 square feet, and (c) all new and expanded retail space of at least 100,000 square feet.
- Permit a commercial property developer to contribute land for affordable housing developments in lieu of the other mitigation payment options. The amount of land contributed would be determined by its value, which must be commensurate with the value of the other mitigation payment options.

The proposed final negative declaration (File 99-1307) was prepared by the Planning Department following public review of the preliminary negative declaration it issued on April 3, 1999. The Planning Department found that there was no substantial evidence that the Jobs-

¹ "Affordable housing units" refer to residential dwellings in housing projects which may have one, two, three, or four bedrooms.

Housing Linkage Program would have a significant effect on the environment.

Comments:

1. The subject ordinance as amended would only apply to individual commercial property developments which exceed the following thresholds: (a) 25,000 square feet for office developments, (b) 25,000 square feet for hotel developments, (c) 50,000 square feet for entertainment developments, and (d) 100,000 square feet for retail developments. The subject ordinance does not apply to individual commercial property developments which occupy less space, according to Ms. Bauman.

2. According to Mr. Andrew Schwartz of the City Attorney's Office, the developer of a commercial property which exceeded the square footage thresholds listed above could comply with the ordinance as amended by either (a) constructing themselves, or (b) contributing money, or land of equivalent value, to a developer to construct on their behalf, at least the following number of affordable housing units which are to remain affordable for 50 years:

- 11 affordable housing units for each 100,000 square feet of new hotel development;
- 14 affordable housing units for each 100,000 square feet of new entertainment development;
- 14 affordable housing units for each 100,000 square feet of new retail development; and
- 16.1 affordable housing units for 100,000 square feet of new office development.

3. Mr. Schwartz further states that a developer of a commercial property which exceeded the square footage thresholds could alternatively comply with the ordinance as amended through payment of an in-lieu fee to the Citywide Affordable Housing Fund which is administered by the Planning Department. The amount of the in-lieu fee, which would be subject to annual review², would be based on:

² Effective January 1 of each year, the in-lieu fee formula would be automatically revised by the percentage increase or decrease in the Average Area Purchase Price Safe Harbor Limitations for New Single-Family Residences for the San Francisco Primary Metropolitan Statistical Area (PMSA), prepared by the Internal Revenue Service.

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- \$4.25 per square foot of new hotel development;
- \$5.29 per square foot of new entertainment development;
- \$5.29 per square foot of new retail development; and
- \$7.05 per square foot of new office development.

4. According to Ms. Bauman, most office developers currently choose to pay the in-lieu fee rather than build the required number of affordable housing units themselves or contract with a developer to build the required affordable housing units on their behalf. The in-lieu fee revenue is held in the Citywide Affordable Housing Fund administered by the Planning Department which provides loans to affordable housing developers, subject to the approval of the Director of Planning, according to Mr. Joe LaTorre of the Mayor's Office of Housing. Mr. LaTorre states that the Mayor's Office of Housing makes recommendations to the Director of Planning as to which proposed affordable housing developments are in conformity with the subject legislation and the City's overall goals for housing development and which, therefore, are eligible to receive development loans from the Citywide Affordable Housing Fund and other funding sources. There is no stipulated maximum amount for development loans from the Citywide Affordable Housing Fund, according to Mr. LaTorre.

5. As stated above, developers of office developments which exceed 25,000 square feet currently have three options to mitigate the impact of their developments on affordable housing. They can either (a) build affordable housing units which are to remain affordable for 50 years, (b) pay an in-lieu fee to the Citywide Affordable Housing Fund based on a current rate of \$7.05 per square foot of new office space, or (c) pay the same amount to housing developers to build affordable housing units on their behalf.

Under the ordinance as amended, the developers of commercial property developments which exceed the square footage thresholds listed in Comment No. 1 above would also be permitted to contribute land for affordable housing developments in lieu of the other mitigation

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payment options so long as the value of the land is equal to the in-lieu fee formula set out in Comment No. 2 above. Mr. Schwartz advises that valuation and acceptance of land would be subject to the approval of the Planning Department and the Mayor's Office of Housing, as part of their discussions with the commercial property developer and the housing developer. Mr. Schwartz states that the proposed amendments to the subject ordinance do not specify how land values would be determined or by whom.

The Budget Analyst therefore recommends that the proposed amendments to the subject ordinance include, in the case of mitigation payment options which involve developer land contributions, a requirement that land values should be determined by an independent appraisal to be conducted by a qualified property appraiser selected by the City and compensated by the developer.

6. Adoption of the proposed ordinance would result in increased revenues that would accrue to the Citywide Affordable Housing Fund or other benefits such as increased affordable housing units built by developers or increased contributions of land or money to affordable housing developers. As noted previously, most developers of office developments in excess of 25,000 square feet have historically chosen to pay the in-lieu fee rather than build the required number of affordable housing units themselves, or pay a housing developer to do so on their behalf.

The actual revenue benefit to the Citywide Affordable Housing Fund which would result from adoption of this proposed ordinance would depend on the amount of new hotel, entertainment and retail development that would be subject to the new fees. According to Ms. Bauman, the Planning Department projects that for the ten years between 2000 and 2010 there will be (a) 5,492,000 square feet of new hotel development, and (b) 4,012,407 square feet of new entertainment and retail development. The total projected increase in such commercial property would be 9,504,407 square feet.

The table below, based on the projections provided by the Planning Department, shows the potential maximum

amount of new revenue that would accrue to the Citywide Affordable Housing Fund if (a) all of the projected square footage is actually constructed, (b) if all of the projected square footage is located in commercial property developments which exceed the square footage thresholds listed in Comment No. 1 above, (c) none of the developments are exempted under the subject ordinance³, and (d) all of the commercial developers choose to pay an in-lieu fee instead of either building affordable housing themselves or contributing money or land of an equivalent value to affordable housing developers.

**Potential Maximum New Citywide Affordable Housing Fund Revenue
Based on Planned Commercial Development Activity 2000 - 2010**

Type of Development	No. of Square Feet	In-lieu Fee Per Square Foot of Development ⁴	Total Revenue to Citywide Affordable Housing Fund
Hotel	5,492,000	\$4.25	\$23,341,000
Entertainment/ Retail	<u>4,012,407</u>	\$5.29	<u>21,225,633</u>
Total	9,504,407		\$44,566,633

Should all of the above-listed planned new square footage be constructed as part of commercial property developments which exceed the square footage thresholds of the subject ordinance as amended but do not fall within its permitted exemptions, then the Citywide Affordable Housing Fund would realize additional in-lieu fees in the projected amount of \$44,566,633 over the ten years between 2000 and 2010, or the City would receive equivalent value through construction of affordable housing units or the contribution of money or land to

³ The ordinance currently exempts commercial property developments on land that is owned by Federal or State governments, or under the jurisdiction of the San Francisco Redevelopment Agency or the Port Authority. The ordinance as amended would further exempt Mission Bay redevelopment projects when application of the ordinance as amended would be inconsistent with the Mission Bay North Redevelopment Plan and Interagency Cooperation Agreement or the Mission Bay South Redevelopment Plan and Interagency Cooperation Agreement.

⁴ The in-lieu fee would only be applied to those commercial property developments which meet the threshold size requirements described in Comment No. 1.

affordable housing developers in an amount equivalent to the value of such affordable housing units.

Ms. Bauman states, however, that the high square footage thresholds specified by the subject ordinance, in combination with the subject ordinance's permitted exemptions, make it highly unlikely that in-lieu fee revenues would be as high as those indicated in the table above. However, if only 50 percent of the projected new development is subject to the in-lieu fee, total revenue to the Citywide Affordable Housing Fund would exceed \$22,000,000 over the next ten years.

Recommendations:

1. Amend the subject ordinance to include, in the case of mitigation payment options which involve developer land contributions, a requirement that land values should be determined by an independent appraisal to be conducted by a qualified property appraiser selected by the City and compensated by the developer.
2. Approval of this proposed legislation is a policy matter for the Board of Supervisors.

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Items 3 and 4 - Files 00-0063 and 00-0064

Department: City Attorney

Items: File 00-0063: Ordinance amending Section 10.136 of the San Francisco Administrative Code to reduce the amount of money authorized to be in the City Attorney's Cash Revolving Fund from \$10,000 to \$8,000.

File 00-0064: Ordinance repealing Section 10.136-1 of the San Francisco Administrative Code to eliminate the Claims Cash Revolving Fund of the City Attorney's Office.

Description: The two proposed ordinances are in response to recommendations made on December 16, 1999, by the Audits Division of the Controller's Office, after the completion of audits of these two City Attorney Funds by the Audits Division.

Specifically, the proposed ordinance (File 00-0063) would reduce the amount of money in the City Attorney's Cash Revolving Fund from \$10,000 to \$8,000, a reduction of \$2,000. The City Attorney uses the Cash Revolving Fund to pay for such operating expenses as jury fees, witness fees, transcript fees and other minor case-related expenses. The Controller's Office made their recommendation to reduce the amount in this Fund because they found that the average monthly expenditure over a 12-month period was \$2,660. Therefore, the Controller's Office found that the \$10,000 amount was excessive and that \$8,000 would be sufficient to meet the operational needs of the City Attorney's Office.

The other proposed ordinance (File 00-0064) would eliminate the Claims Cash Revolving Fund in the City Attorney's Office. According to Sections 10.20-9 and 10.22-2 of the City's Administrative Code, the City Attorney may pay and settle any claim and judgement against the City, if the amount does not exceed \$25,000. The City Attorney has historically used the Claims Cash Revolving Fund

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to make payments for claims and judgments against the City of \$25,000 or less. According to the Audits Division of the Controller's Office, as of September 28, 1999, the Fund balance in the Claims Cash Revolving Fund exceeded the \$100,000 authorized in the City's Administrative Code by \$2,989. Furthermore, the Controller's Office found that the City Attorney had not used the Claims Cash Revolving Fund since July 9, 1998 because the City Attorney's Office now pays claims and judgments through direct payments using on-line FAMIS. Therefore, the Controller's Office recommended that the City Attorney's Office eliminate this Claims Cash Revolving Fund.

Comments:

Mr. Tim Armistead of the Bureau of Claims in the City Attorney's Office reports that with the implementation of the Controller's on-line FAMIS for paying judgments and claims, the City Attorney's Office no longer needs the Claims Cash Revolving Fund. According to Mr. Armistead, there should be no fiscal impacts from the elimination of the Claims Cash Revolving Fund. Ms. Martie Moore also reports that the reduction of the Cash Revolving Fund from \$10,000 to \$8,000 should have no fiscal impact on the City Attorney's operations.

Recommendations: Approve the proposed ordinances.

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Items 5 and 6 - Files 00-0065 and 00-0066

Department: Department of Human Services (DHS)

Items: File 00-0065: Ordinance appropriating \$120,840 of State and Federal revenues to fund salaries, fringe benefits, training, other current expenses, materials and supplies and for the creation of five new positions to operate the new State-mandated Statewide Fingerprint Imaging System (SFIS).

File 00-0066: Ordinance amending the FY 1999-2000 Annual Salary Ordinance reflecting the creation of five new positions for the Department of Human Services.

Amount: \$120,840

Source of Funds: As shown in the Attachment to this report, \$138,669 of the funding for the proposed supplemental is from SFIS, the State Fingerprint Imaging System, with the remainder of the funds provided through reallocations of individual State and Federal Program overhead rates.

Budget: A budget for the period from March 1, 2000 through June 30, 2000 is as follows:

Permanent Salaries	\$69,745
Mandatory Fringe Benefits	<u>17,505</u>
Subtotal	\$87,250
Training	5,000
Other Current Expenses	5,100
Materials and Supplies	<u>23,490</u>
Total	\$120,840

Description: In 1999, the State Legislature approved a new law mandating that all counties implement a Statewide Fingerprint Imaging System (SFIS), as a welfare fraud detection and prevention program for CalWORKs and Food Stamp programs (Welfare and Institutions Code Section 10830). Under the proposed SFIS, a database of fingerprint and photo images of persons applying for or already receiving

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welfare benefits would be created and this database of information would be linked with all 58 counties in California. The proposed new SFIS is intended to prevent clients from establishing welfare cases in multiple California counties and to provide better security for worker case fraud.

\$87,250 of the proposed supplemental appropriation of \$120,840 would be used to fund the salaries and fringe benefits for the following five new positions for the Department of Human Services for the period from March 1, 2000 through June 30, 2000:

<u>No. of FTE Positions</u>	<u>Classification</u>	<u>Title</u>	<u>Step 1 (Biweekly- Annual)</u>	<u>Step 5 (Biweekly- Annual)</u>
4	1426N	Senior Clerk Typist	\$1,316- \$34,479	\$1,596- \$41,815
1	2912N	Senior Social Worker	\$1,680- \$44,016	\$2,048- 53,658

The annual cost of the five requested new positions would range from \$227,597 at Step 1, including salaries of \$181,932 and fringe benefits of \$45,665 to \$276,368 at Step 5, including salaries of \$220,918 and fringe benefits of \$55,450.

One of the proposed four new 1426 Senior Clerk Typist positions would be assigned to operate the new fingerprint and photo imaging system for the Food Stamps Program, located at the DHS leased facility at 1440 Harrison Street. The remaining three new 1426 Senior Clerk Typists would be assigned to operate the fingerprint and photo imaging system for the CalWORKs Program, located at the City-owned 170 Otis Street facility. The one new 2912 Senior Social Worker position would also be assigned to the CalWORKs Program to serve as the client coordinator providing outreach and client assistance on the procedures and requirements of the new fingerprint and photo imaging system.

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Comments:

1. According to Ms. Sally Kipper of DHS, in 1994, DHS implemented a fingerprinting system for General Assistance (GA) clients under a pilot Automated Finger Imaging Report and Match (AFIRM) program with Contra Costa and Alameda counties as well as other Southern California counties. Ms. Kipper advises that the AFIRM system enabled fraud detection within San Francisco's GA Program and with Contra Costa and Alameda Counties GA Programs, with which the San Francisco database was matched. Based on an analysis of the AFIRM system in 1995, DHS determined that San Francisco realized a net savings of \$1,090,400 from discontinued General Assistance client cases.

2. Mr. Michael Louis of DHS advises that the AFIRM system contract costs \$193,000 annually for the GA Program. In addition, Mr. Louis advises that three Senior Clerk Typist positions are used to currently operate this AFIRM system for GA clients at DHS's leased facility at 1235 Mission Street. According to Mr. Louis, the contract for the current AFIRM system is due to expire in April of 2000, at which time the AFIRM contract would be terminated and the subject State-mandated fingerprinting and photo imaging system (SFIS) would be implemented for GA, Food Stamp and CalWORKS programs. Mr. Louis advises that the current three Senior Clerk Typist positions that operate the AFIRM system, as well as the proposed five new positions, for a total of eight permanent full-time positions, would be needed to implement the proposed State-mandated SFIS for the GA, Food Stamps and CalWORKS clients. Mr. Louis reports that the State determined the number of workstations and staff required to implement the SFIS based on the number of clients in each county.

3. However, Mr. Louis advises that the proposed State-mandated system is specifically targeted to Food Stamp and CalWORKS clients and does not require that General Assistance clients, which are

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fully funded with local General Fund revenues, be included in the proposed fingerprinting and photo imaging system. Mr. Louis reports that San Francisco intends to include all GA clients in the proposed new SFIS system, as a means of guarding the County against fraud and duplication of benefits. The Budget Analyst notes that the State guidelines indicate that counties opting to use SFIS for their GA clients will be charged for the counties' processing costs by the State. Ms. Kipper advises that, at this time, DHS does not know what DHS' costs will be to include GA clients in the new SFIS system. Ms. Julie Brenman of DHS reports that the costs for San Francisco to include all GA clients in the new SFIS system should not exceed the current annual contract costs of \$193,000 for the existing AFIRM system.

4. Mr. Louis advises that the State estimates that the net State-wide savings realized from the implementation of SFIS for CalWORKS and Food Stamp Programs will be \$118 million. Ms. Kipper notes that San Francisco pays 2.5 percent of the CalWORKS grants and none of the Food Stamp coupon costs. Therefore, Ms. Kipper advises that even large savings in such programs that result from SFIS are not likely to result in significant direct savings for San Francisco. Mr. Louis reports that DHS has not estimated the potential net savings that will result for San Francisco from the implementation of SFIS for the GA Program.

5. According to Ms. Brenman, \$5,000 is included in the proposed supplemental to pay for training DHS staff on the new SFIS program requirements. In addition, \$5,100 is included for remodeling the existing space at 170 Otis Street to accommodate the three new positions, which will include removing two walls. Another \$23,490 is included to cover the cost of purchasing and installing new modular furnishings for the five new positions.

6. Under the proposed supplemental, the four Senior Clerk Typists are scheduled to be hired as of March 1, 2000 and the one Senior Social Worker is

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scheduled to be hired as of April 10, 2000. However, Mr. Louis advises that the State will not begin the training for the proposed SFIS Program until early April. The Budget Analyst therefore recommends that all of the five new positions have a start date of April 1, 2000. This would result in a reduction in the CalWORKS Program Permanent Salaries from \$55,380 to \$44,434, a savings of \$10,946, and the associated Mandatory Fringe Benefits from \$13,900 to \$11,153, a savings of \$2,747, for a total savings in the CalWORKS Program of \$13,693. In addition, the Food Stamps Program Permanent Salaries should be reduced from \$14,365 to \$10,374, a savings of \$3,991 and the associated Mandatory Fringe Benefits from \$3,605 to \$2,604, a further savings of \$1,001, for a total savings in the Food Stamps Program of \$4,992. Overall, the proposed \$120,840 supplemental appropriation should be reduced by \$18,685 to \$102,155. The proposed supplemental appropriation should be further amended to reflect a decrease in the SFIS source of funding, which should be reduced from \$138,669 to \$119,984, to reflect the total savings of \$18,685.

7. According to the State requirements, existing CalWORKs clients must be included in the SFIS within six months and existing Food Stamp clients must be included in the SFIS within one year. The Budget Analyst notes that DHS will therefore have a significantly heavier workload during the first six months to one year of this new SFIS program, while the Department is required to fingerprint and photograph all existing and new welfare clients. After this six months to one year period, only new welfare clients will require to be fingerprinted, which should result in a significantly lighter workload for the SFIS staff. Therefore, the Budget Analyst recommends that two of the proposed four new permanent 1426 N Senior Clerk Typist positions be changed to 1426 L for Limited duration.

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- Recommendations:**
1. Reduce the proposed \$120,840 supplemental appropriation ordinance (File 00-0065) by \$18,685 to \$102,155, to reflect a beginning employment date of April 1, 2000 for the five proposed new positions, as detailed in Comment No. 6 above.
 2. Amend both of the proposed ordinances by changing two of the 1426 N positions to 1426 L positions to distinguish that two of the proposed permanent new Senior Clerk Typists will be filled on a Limited duration basis.
 3. Approve the proposed ordinances, as amended.

ADDITIONAL REVENUE FOR SUPPLEMENTAL APPROPRIATION

DSS 01 1G S&A WAF 455003 SSO291 Federal Subventions

Obj	DSS REVENUE SUMMARY PROGRAM TITLE	SFIS Supplemental 2 FY 99/00	Previous Budgeted FY 99/00	Additional Revenue
40101	CHILDRENS SVCS	13,460,995	13,460,104	891
40102	FFH LICENSING	427,307	427,274	33
40103	ADOPTIONS SVCS	811,034	810,980	54
40105	ADULT SVCS	3,951,595	3,950,982	613
40106	ILP	856,675	856,661	14
40124	FOOD STAMPS E&T	4,613,206	4,613,627	(421)
40131	CalWORKs FG/U (old AFDC)	8,635,727	8,636,603	(876)
40133	AAP ELIG ADMIN	54,678	54,705	(27)
40134	FOOD STAMPS	8,927,606	8,931,598	(3,992)

DSS 01 1G S&A WAF 455003 SSO292 State Subventions

45103	ADOPTIONS SVCS	1,950,016	1,949,387	129
45106	SFIS	138,669		138,669
45107	CalWIN	6,452,574	6,452,562	12
45130	Non Custodial Parent	1,403,664	1,403,906	(242)
45131	CalWORKS FG/U (old AFDC)	4,321,571	4,322,086	(515)
45134	FOOD STAMPS	6,249,324	6,252,119	(2,795)
45136	CAPI ADMIN	897,879	898,328	(448)
45199	SSI-P Unit	290,804	290,780	24
45301	MEDI CAL	21,037,177	21,047,460	(10,283)
		=====	=====	=====
		257,439,598	257,318,759	120,840

THE TOTAL REQUESTED ADDITIONAL APPROPRIATION
REFLECTS CHANGES IN THE FOLLOWING PROGRAMS:

Index Coc Subobject	Amount
455017 001	\$ 55,380
455017 013	\$ 13,900
455019 001	\$ 14,364
455019 013	\$ 3,605
455016 021	\$ 10,100
455016 040	\$ 23,490
	\$ 120,840

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Item 7 - File 00-0082

Department: Asian Art Museum

Item: Ordinance appropriating \$22,950,547 in proceeds from the sale of bonds and interest income for the reconstruction of the Asian Art Museum, to be relocated at the old Main Library.

Amount and

Source of Funds:	1989 Earthquake Safety Bond Interest	\$1,737,669
	1996 Asian Art Relocation Project	
	Bond Series Interest	4,452,462
	1999 Asian Art Relocation Project	
	Bond Series Proceeds	<u>16,760,416</u>
	Total	\$22,950,547

Description: The Asian Art Museum will be relocating from its present site in Golden Gate Park to the old Main Library building at 200 Larkin Street in the year 2002. The total Asian Art Museum Relocation Project approved budget is \$125,200,000, of which \$115,600,000 will be expended on the seismic retrofit and the adaptive reuse of the old Main Library, and an additional \$9,600,000 will be expended on the Relocation and Capital Campaign (the private donation campaign). Funding for the \$125,200,000 Asian Art Museum Relocation Project budget comes from \$57,370,547 in General Obligation Bond proceeds and accrued interest, and from projected private donations of approximately \$92,800,000. According to Ms. Ikuko Satoda of the Asian Art Museum, in addition to the projected budget of \$125,200,000, the Asian Art Museum capital campaign contains a \$25,000,000, or 20 percent, contingency. The actual projected costs for the Asian Art Museum Relocation Project, including the contingency, would be \$150,200,000. Ms. Satoda states that the projected target for private donations is approximately \$92,800,000, and that the total amount of private and public funding (\$92,800,000 plus \$57,370,547) would approximately equal the actual projected costs, including the 20 percent contingency, of the Asian Art Museum Relocation Project of \$150,200,000.

The San Francisco electorate has approved the issuance of \$9,420,000 in Earthquake Safety Bonds and \$41,760,416 in

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Asian Art Relocation Bonds to fund the Asian Art Museum Relocation Project, as follows:

1989 Earthquake Safety Bonds	\$ 9,420,000
1996 Asian Art Relocation Bond Series	25,000,000
1999 Asian Art Relocation Bond Series	16,760,416
1989 Earthquake Safety Bonds Interest	1,737,669
1996 Asian Art Relocation Bonds Interest	<u>4,452,462</u>
Total	\$57,370,547

The Board of Supervisors has previously appropriated and released \$34,420,000 in bond proceeds for the Asian Art Museum Relocation Project (Files 99-2075, 101-96-88, 101-90-10.13, 101-90-10.12, and 101-94-4). The remaining \$22,950,547 is the subject of this appropriation ordinance.

Budget:

The projected budget for the \$22,950,547 is as follows:

City Attorney Services	\$ 300,000
Future Construction Subcontracts	
Glass	2,375,000
Drywall	4,625,000
15% Contingency	<u>1,050,000</u>
Subtotal, Future Subcontracts	8,050,000
Existing Construction	
Subcontracts	<u>14,600,547</u>
Total	\$22,950,547

Attachment I, provided by the Asian Art Museum, provides a summary of the public funding sources for the Asian Art Museum Relocation Project (\$57,370,547) and additional budget details to support the total publicly-funded project costs of \$58,026,108, including the subject request for \$22,950,547. According to Ms. Satoda, the additional needed funds in the amount of \$655,561 (\$58,026,108 less \$57,370,547) are available from private funding sources (see Comment No. 5).

Comments:

1. As shown in Attachment II, provided by the Asian Art Museum, seven existing construction subcontracts¹ total

¹ The Asian Art Museum has awarded a construction contract, funded with private donations, to a general contractor, Lem/DPR Construction Company, a joint venture company, to oversee the Asian Art Museum construction project. The seven subcontractors

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February 2, 2000 Finance and Labor Committee Meeting

\$47,725,000, of which \$14,600,547 would be funded from the subject \$22,950,547 supplemental appropriation. Attachment II includes names of 7 subcontractors, a list of the bidders and the amount of the bids.

2. The seven existing construction subcontracts include earth and foundation work, including exterior groundwork and the addition of a lower level, structural work, including demolition, concrete and steel work, installation of elevator and escalator systems, and seismic reinforcements. Additionally, Ms. Satoda states, as shown in Attachment II, that of the \$47,725,000 in existing construction subcontracts, \$2,702,271 has been expended as of January 21, 2000. Such expenditures were made from funds previously appropriated and released by the Board of Supervisors.

3. Ms. Satoda also states that the Asian Art Museum has a projected budget of \$8,050,000 for glass and drywall work. According to Ms. Satoda, subcontractors to perform the glass and drywall work would be selected through a competitive bid process.

4. Attachment III, provided by the Asian Art Museum, shows costs for City Attorney services of \$293,209, which is \$6,791 less than the requested amount of \$300,000. Therefore, the proposed ordinance should be amended to provide for a supplemental appropriation of \$22,943,756 (\$22,950,547 less \$6,791).

5. In the attached memorandum (Attachment IV), Ms. Satoda states that the Asian Art Museum expects to raise \$92,800,000 in private donations. Attachment III states that, of that amount, as of December 31, 1999, \$65,000,000 has been pledged and \$41,000,000 has been received.

- Recommendations:**
1. Amend the proposed ordinance by reducing the appropriation by \$6,791, from \$22,950,547 to \$22,943,756, in accordance with Comment No. 4.
 2. Approve the proposed ordinance, as amended.

listed in Attachment II have been awarded subcontracts, after a competitive bidding process, to perform each of the projects listed.

BOARD OF SUPERVISORS
BUDGET ANALYST

New Asian Art Museum
Public Funds Budget

PUBLIC FUNDING SOURCES**PUBLIC**

1989 Earthquake Safety Bond	9,420,000
1994 Asian Art Relocation Bond-1996E	25,000,000
1994 Asian Art Relocation Bond-1999D Proceeds	16,760,416
Interest -1989 Earthquake Safety Bond	1,737,669
Interest - Asian Art Relocation - Series 1996E	4,452,462

TOTAL PUBLIC FUNDING SOURCES**57,370,547****USES-PUBLICLY FUNDED****Amount Spent prior to construction**

DPW and Bond issuance costs	1,351,108
-----------------------------	-----------

Construction Costs

Public Contracts to date (See Exhibit 1)	41,500,000
Change Order Allowance @ 15%	6,225,000
Building Permit	600,000
Future Public Bid - Glass	2,375,000
Future Public Bid - Drywall	4,625,000
Change Order Allowance @ 15% for Glass & Drywall	1,050,000

Total Construction Costs	56,375,000
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City Attorney Costs	300,000
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Total Publicly Funded Uses	58,026,108
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* Difference	(655,561)
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* Please note that overage will be covered by private funds.

ASIAN ART MUSEUM

PUBLICLY FUNDED CONTRACTS		
DESCRIPTION	SUB-CONTRACTOR	AMOUNT
Structural Demolition	Aman	\$3,988,000.00
Structural Steel	Bostrom Bergen	\$17,981,798.00
Structural Concrete	S.J. Amoroso	\$13,497,400.00
Conveying System	Thyssen Dover	\$1,360,000.00
Earthwork, Trenching, Civil Demolition	Ryan Engineering	\$778,570.00
Seismic Isolation Bearings	Dynamic Isolation Sys	\$2,995,000.00
Site Shoring	Malcom	\$899,000.00
Total Contracts	<i>rounding</i>	\$41,500,000.00
<i>Change Order Allowance @ 15%</i>		\$6,225,000
Grand Total		\$47,725,000.00

ASIAN ART MUSEUM
OF SAN FRANCISCO
THE AVERY BRUNDA COLLECTION

TO: Alan Gibson
FROM: Ikuko Satoda *IS*
DATE: November 16, 1999
SUBJECT: File 99-2075

This is a listing of all the bidders for each of the five contracts, and the amounts each one bid.

CONTRACT BIDS		
BID PACKAGE	STRUCTURAL DEMOLITION	
Bidders	AMAN	ICONCO
Bid Amount	3,988,000	4,541,000
	Awarded	
BID PACKAGE	STRUCTURAL STEEL	
Bidders	Bostrom-Bergen	WW Steel
Bid Amount	17,981,798	19,980,000
	Awarded	
BID PACKAGE	STRUCTURAL CONCRETE	
Bidders	S.J. Amoroso	Conco
Bid Amount	13,497,400	15,030,568
	Awarded	
BID PACKAGE	CONVEYING SYSTEMS	
Bidders	Thyssen-Dover	Montgomery
Bid Amount	1,360,000	2,661,000
	Awarded	
BID PACKAGE	EARTHWORK, TRENCHING	
Bidders	Ryan	Aman
Bid Amount	788,570	988,000
	Awarded	

CHONG-MOON LEE CENT
FOR ASIAN ART AND CULTUREGOLDEN GATE PARK
SAN FRANCISCO, CA 94118
PHONE (415) 378-3800
FAX (415) 378-3800
TDD (415) 378-3800



ASIAN ART MUSEUM
OF SAN FRANCISCO

ASIAN ART MUSEUM- Tabulation of Bids

BID PACKAGE #1: Base Isolators and Flat Jacks

Bids Received: June 30, 1999

Bidders	Bid Bond	Total Bid
** Bridgestone	X	\$2,189,465
Dynamic Isolation Systems (DIS)	X	\$2,995,000
Skellerup	X	\$3,476,592

Apparent Low Bidder: __Bridgestone__

** Bridgestone was disqualified as it did not meet city procedures.
Warranties were based on Japanese laws.

Exhibit I

NEW ASIAN
PROJECT OFFICE
100 MARKET STREET
SUITE 400
SAN FRANCISCO, CA
94102
PHONE 415.774.1100

ASIAN ART MUSEUM
OF SAN FRANCISCO

ASIAN ART MUSEUM - Tabulation of Bids

BID PACKAGE #3 - Contract Package #11: Site Shoring

Bids Received: August 3, 1999

est. \$612,035

Malcolm Condon-Johnson

BIDDERS				
Bid Amount	\$899,000	\$1,100,088	\$	\$
Unit Prices	\$132/\$88	\$165.42/\$130.20		
Bid Bond	U.S. Fidelity	Lumbermens		
Non-Collusion Affidavit	faxed 8/12	X		
Acknowledgement of Addenda	A-E	A-E		
List of Subcontractors	X	X		
Apprenticeship Training Cert.	X	X		
Highest General Prevailing Rate	X	X		
Business Tax Registration Decl.	X	X		
Affirmative Action Program	X	X		
Worker's Compensation Cert.	X	X		
Non-Discrimination in Contracts	X	X		
HRC Form 1	X	X		
HRC Form 2A (7% combined)	7% MBE	6.57% + .6%		
HRC Form 2B		X		

Apparent Low Bidder: Malcolm Drilling

Exhibit II

August 3, 1999

 NEW ASIAN
 PROJECT BUILDING
 150 MARKET STREET
 SUITE 900
 SAN FRANCISCO, CA
 CALIFORNIA 94102
 PHONE 415.398.1177

ASIAN ART MUSEUM
SUBCONTRACT EXPENSES TO DATE
through January 21, 1999

SUBCONTRACT EXPENSES - PUBLICLY FUNDED	
DESCRIPTION	AMOUNT
Isolators/Flat Jack	286,200
Structural Demolition	991,290
Structural Steel	866,000
Concrete	310,000
Earthwork	200,881
Site Shoring	47,900
TOTAL EXPENSES	2,702,271



TO: Severin Campbell
 FROM: Ikuko Satoda
 DATE: January 26, 2000
 SUBJECT: Appropriation of general obligation bonds for the Asian Art Museum

This is in response to the questions you had regarding the following:

- 1) Bids received for Base Isolators and Site Shoring - see exhibit I & II for Bid Tabulation. Contracts were awarded to DIS and Malcom Drilling respectively
- 2) City Attorney charges are itemized as follows:
 - Litigation regarding the Piazzoni murals
 - Landmarks Board
 - Planning Commission
 - Reviewed contracts

The hourly billing rates for the Deputy City Attorneys who are were working on the New Asian Art Museum Project range from \$123.99 to \$153.56.

FY 95-96	\$19,555
FY 96-97	\$25,918
FY 97-98	\$63,082
FY 98-99	<u>\$184,654</u>
Total	<u><u>\$293,209</u></u>

Please note that these invoices have not been paid. The attorney costs for the entire project will be at least \$300,000. It will be paid from the interest earnings on the bonds.

If you have additional questions or need further explanation, please contact me at 557-6813.

Thank you.

ASIAN ART MUSEUM
 2000 JAN 26

RECEIVED

2000 JAN 26

2000 JAN 26



January 26, 2000

Mr. Harvey Rose
Ms. Severin Campbell
Budget Analyst
1390 Market Street, Suite #1025
San Francisco, CA 94102

RE: Appropriation of general obligation bonds for the Asian Art Museum

Explanation of project

The Asian Art Museum relocation from Golden Gate Park to Civic Center is budgeted at \$125.2 million of which project costs of \$115.6 million is directly associated with the seismic retrofit and the adaptive reuse of the Old Main Library. The remaining non-project costs of \$9.6 million is related to Relocation and Capital Campaign.

Private Donations

The projected target for private donations is \$92.8 million; (Total budget of \$125.2 million plus Other Contingencies of \$25 million less \$51.2 million bond issues and interests of \$6.2 million.)

Total amount pledged through 12/31/99 is \$65 million.
Payments received through 12/31/99 is \$41 million.

Donor Information

The pledge to-date has come from:
Approx: 72% Individuals
Approx: 25% Charitable Foundations
Approx: 3% Corporations

Capital Campaign Status is provided to Supervisors Ammiano, Yee and Bierman on a monthly basis.

Please do not hesitate to contact me if you have any questions.

A handwritten signature in cursive script, reading 'Ikuko Satoda'.

Ikuko Satoda
Chief Operating Officer
Ph. (415) 557-6813

CHONG MICON LEE CENTER
FOR ASIAN ART AND CULTURE
GOLDEN GATE PARK
SAN FRANCISCO
CALIFORNIA 94118
PHONE: 415.791.5000
FAX: 415.665.8328

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

Item 8 - File 00-0094

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing to consider the release of \$100,000 in reserved funds to develop and implement a program to target, educate and motivate public housing residents to respond to the 2000 Census.

Amount: \$100,000

Source of Funds: 1999 Community Development Block Grant

Description: When the Board of Supervisors approved the 1999 Community Development Block Grant (CDBG) program in February of 1999 (File 99-0049), they placed \$100,000 on reserve under the category of "San Francisco Housing Authority Pool". At that time MOCD had not identified use for the subject reserved funds. MOCD is now proposing to provide a \$100,000 grant to the San Francisco Housing Authority (SFHA) to develop and implement an educational campaign among public housing residents regarding the importance of the 2000 Census. The SFHA effort would be coordinated with and through the City Administrator's Office, which is conducting the Citywide 2000 Census outreach effort, to ensure non-duplicative efforts and maximize all possibilities for accurate Census counting.

Budget: The summary budget for the proposed release of reserved funds is as follows:

Salaries and Fringe Benefits	\$70,582
Contractual Services	10,000
Office Supplies	8,200
Telecommunications	1,200
Administrative Fees (10% of Salaries)	7,058
Audit	<u>1,500</u>
Total	\$98,540

The Attachment, provided by MOCD, contains details to support the budget noted above.

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

Comments:

1. According to Mr. Buddy Choy of SFHA, the \$100,000 grant would be used to conduct a public education and outreach campaign among public housing residents regarding the importance of responding to the 2000 Census. Mr. Choy states that only 69 percent of public housing residents responded to the 1990 Census, resulting in a loss of Federal and State funding to San Francisco. The outreach campaign, which is modeled on get-out-the-vote campaigns and would continue until June of 2000, would include door-to-door outreach, group education projects, and meetings with tenant associations. Additionally, the outreach campaign would coordinate with the Citywide 2000 Census outreach effort, conducted by the City Administrator's Office.

2. According to Mr. Choy, SFHA would hire staff for the campaign from Together United Recommitted Forever (TURF), a nonprofit public housing tenants organization. As shown in the Attachment, such staff would include the executive director (2 percent time), a full-time administrative manager, and 10 public housing residents working part time. Mr. Choy states that one goal of the Census outreach campaign is to provide job development to the ten public housing residents employed part-time, and to volunteers working with the campaign. As part of this goal, SFHA would award a \$10,000 contract to The Support Center, a community-based nonprofit organization selected on a sole-source basis due to its experience and expertise in working with public housing residents, to assist SFHA in providing job development to public housing residents working on the public education and outreach campaign.

3. The budget for the proposed SFHA grant is \$98,540. Therefore, the Budget Analyst recommends that \$98,540 of the requested funds be released and \$1,460 remain on reserve.

Recommendation: Approve \$98,540 of the requested \$100,000 reserved funds and continue to reserve funds in the amount of \$1,460, in accordance with Comment No. 3.

Schedule A. Part 1. Project Budget (This Project Only)

Project Name: Public Housing 2000 Census Project

Organization Name: San Francisco Housing Authority

Tax ID: _____

Line	Budget Item	Column A 1998 CDBG/ESG Funding Currently Funded Project	Column B 1998 Other Funding Currently Funded Project	Column C 1999 CDBG/ESG Request
1	Employee Salaries & Fringe Benefits	\$		\$70,582.00
2	Contractual Services—Consultants	\$	\$	\$10,000.00
3	Repairs and Maintenance (not capital projects)	\$	\$	\$
4	Equipment (Purchase or Rental)	\$	\$	\$
5	Insurance (Workers Comp; Liability; Property; Fidelity, Auto)	\$	\$	\$
6	Space Rental (Lease of Administrative/Program Space)	\$	\$	\$
7	Supplies (Office Supplies including Stationary)	\$	\$	\$8,200.00
8	ESG Supplies (Food, or Bedding)	\$	\$	\$
9	Telecommunications (Phone)	\$	\$	\$1,200.00
10	Travel/Conferences	\$	\$	\$
11	Unlines	\$	\$	\$
12	Other (Administrative Fee)	\$	\$	\$7,058.00
13	Audit (This item must be completed)	\$	\$	\$1,500.00
14	Homeless Prevention activities (for ESG)	\$	\$	\$
15	Total Project Costs (Lines 1 thru 14)	\$	\$	\$98,540.00
16	Program Income (generated from this program only, i.e., fees)	\$	\$	\$-0-

Schedule A Part 2: Total Organizational Funding

Line	Column A Part 2. Agency Funding Sources	Column B FY 1996	Column C FY 1997	Column D FY 1998
1	Mayor's Office of Community Development	\$	\$	\$
2	Mayor's Office of Housing (non-CDBG)	\$	\$	\$
3	Mayor's Office of Children, Youth & Families	\$	\$	\$
4	San Francisco Redevelopment Agency	\$	\$	\$
5	Department of Human Services	\$	\$	\$
6	Department of Public Health	\$	\$	\$
7	Private Industry Council	\$	\$	\$
8	Other City Funding	\$	\$	\$
9	Total Other Government Grants (Non-City) All HUD – Public Housing Budget	\$	\$	\$41 Million
10	Total Corporate/Private Organization Contributions	\$	\$	\$
11	Total Contributions from Individuals	\$	\$	\$
12	Total Loans	\$	\$	\$
13	Total Program Income (fees from any source)	\$	\$	\$
14	Total Agency Funding (Lines 1 thru 13)	\$	\$	\$

If you need additional space to complete response, please use reverse side of this page

Schedule B: 1999 Program Budget WorksheetNon Profit Organization Name: San Francisco Housing Authority

Line	Budget Item Column A		Proposed Budget Request	
	Employee Listing & Job Title (Include %Time Assigned to Project)	Race Ethnicity	CDBG/ESG Amount	Total Program Cost
1	Executive Director (TURF) 2%	Afro-American	\$8,760.00	\$8,760.00
2	Administrative Manager (TURF) 100%	Afro-American	\$32,640.00	\$32,640.00
3	Crew Member, (TURF) 10 x 50%	Afro-American and Samoan	\$12,480.00	\$12,480.00
4			\$	\$
5			\$	\$
6			\$	\$
7			\$	\$
8			\$	\$
9			\$	\$
10			\$	\$
11	Fringe Benefits/Expenses (Payroll Taxes, Insurance, etc.) x 31%		\$16,702.00	\$16,702.00
12	Total Employee Salaries, Wages & Fringes (Lines 1 thru 11)		\$70,582.00	\$70,582.00
	Business or Individual Consultant Listing		Consultant Expense	Consultant Expense
13	Organizational Consultant The Support Center	\$10,000.00	\$10,000.00	\$10,000.00
14			\$	\$
15			\$	\$
16			\$	\$
17	Total Consultants (Lines 13 thru 16)		\$10,000.00	\$10,000.00
	Equipment List		Amount	Amount
18	Office Supplies		\$2,000.00	\$2,000.00
19	Reproduction		\$1,200.00	\$1,200.00
20	Census Multilingual Signage, other publicity materials for SFHA residents		\$5,000.00	\$5,000.00
21				
22	Total Equipment (Lines 18 thru 21)		\$8,200.00	\$8,200.00
	Travel		Amount	Amount
23			\$	\$
24			\$	\$
25			\$	\$
26			\$	\$
27	Total Travel (Lines 23 thru 26)		\$	\$
	Other Program Expenses		Amount	Amount
28	Administrative Overhead Fee (10%)		\$7,058.00	\$7,058.00
29	Telecommunications		\$1,200.00	\$1,200.00
30	Audit		\$1,500.00	\$1,500.00
31			\$	\$
32			\$	\$
33	Total Other (Lines 28 thru 32)		\$9,758.00	\$9,758.00

NOTE: not all Schedule A budget items are listed on Schedule B

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

Item 9 - File 00-0095

Department: Department of Public Health (DPH)

Item: Hearing to consider the release of reserved funds in the amount of \$50,000 for DPH to fund an actuarial study, as part of an overall feasibility study, of the Methadone by Prescription Program.

Amount: \$50,000

Source of Funds: During the FY 1999-2000 budget review, the Board of Supervisors appropriated \$50,000 in the DPH budget, and placed such funds on reserve, pending submission of contract and related cost details, for DPH to provide physician training, as part of the Methadone by Prescription Program.

Description: In February of 1998, the Board of Supervisors directed the Department of Public Health (DPH) to establish the Methadone by Prescription Program to permit physicians to prescribe methadone for patients addicted to opiates, as an alternative to providing methadone solely in clinics (Resolution 56-98). An interdisciplinary planning group, comprised of providers, community groups, and DPH programs, developed a model program to permit physicians to prescribe methadone as a treatment to individuals addicted to opiates.

In November of 1999, the Board of Supervisors authorized DPH to accept \$100,000 in Federal grant funds to conduct a feasibility study of the Methadone by Prescription Program to determine provider interest in participating in the program, conduct training sessions for providers, develop a centralized data base, develop quality control and evaluation protocols, and conduct an actuarial study of the program (File 99-1993).

The \$50,000 in reserved funds, which is the subject of this hearing and is additional to the \$100,000 Federal grant funds noted above, was appropriated by the Board of Supervisors and placed on reserve in

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

the FY 1999-2000 budget review to conduct provider training for the Methadone by Prescription Program. DPH is now requesting the release of the subject \$50,000 in reserved funds to conduct an actuarial study of the Methadone by Prescription Program, instead of funding a contract for DPH to provide physician training, as part of the Methadone by Prescription Program. According to Dr. Herminia Palacio of DPH, both provider training and the actuarial study are part of the overall feasibility study for the Methadone by Prescription Program, as noted above. Dr. Palacio states that DPH is now proposing to expend the subject \$50,000 in reserved funds on an actuarial study of the Methadone by Prescription Program, since the previously approved Federal grant for \$100,000 has funded the contract for DPH to provide physician training as part of the Methadone by Prescription Program.

Budget:

Although a contract has not yet been awarded for the proposed study, DPH has estimated a \$50,000 budget as follows:

Actuarial Study (300 hours	
@ \$150 per hour)	\$45,000
Research and Data Base Costs	<u>5,000</u>
Total	\$50,000

The Attachment, provided by DPH, contains the details for the \$5,000 in research and data base costs.

Comments:

1. According to Ms. Anne Okubo of DPH, the purpose of the actuarial cost analysis is to determine the potential cost of providing the Methadone by Prescription Program. Ms. Okubo states that DPH proposes to use \$50,000 for an actuarial cost analysis to estimate the cost of implementing three stages of the proposed Methadone by Prescription Program. Each stage would target 10 percent, 50 percent and 100 percent, respectively, of the eligible heroin-user population, who would seek treatment for their addiction. According to Ms. Okubo, the estimated number of active heroin users in San Francisco is

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

13,000 to 15,000. However, Ms. Okubo states that, at this time, DPH does not have an estimate of the number of active heroin users who would seek treatment for their addiction in the proposed Methadone by Prescription Program, and that one goal of the proposed actuarial study would be to estimate the number of such individuals in order to estimate the cost of the implementation in each of the three stages, noted above.

2. Ms. Okubo advises that, in order to estimate the cost of each stage of the proposed Methadone by Prescription Program, the actuarial analysis would: (a) estimate the number of heroin users in San Francisco who would seek treatment for their addiction in the Methadone by Prescription Program, (b) compare the capacity of existing programs to the estimate of heroin users seeking treatment, (c) collect data on Medi-Cal and commercial insurance plan reimbursement rates for methadone and other substance abuse treatment services, primary care services, and mental health services, provided by private as well as DPH providers, and (d) analyze utilization data for existing methadone treatment services funded by Medi-Cal and General Fund monies.

3. Ms. Okubo states that DPH would issue a Request for Proposal to select a provider to conduct the actuarial study of the proposed Methadone by Prescription Program.

4. The subject \$50,000 funds being requested for release at this time were reserved by the Board of Supervisors in the FY 1999-2000 budget review, pending selection of the contractor and submission of contract cost details. Because a contractor has not been selected at this time, the Budget Analyst recommends that the funds continue to remain on reserve, pending the selection of a contractor and submission of contract cost details.

Recommendation: Continue to reserve funds in the amount of \$50,000, pending the selection of a contractor and submission

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

of the contract cost details, in accordance with
Comment No. 4.

Attachment

**Department of Public Health
Methadone Access Physician Training
Consultant Operating Expenses**

	<u>Hours</u>	<u>\$/Hour</u>	
Clerical Support	50	\$ 20.00	\$ 1,000
Data Search			1,000
Data Acquisition			2,500
Printing & Reproduction			<u>500</u>
Total			\$ 5,000

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

Item 10 - File 00-0045

Department: Public Transportation Commission (PTC)

Item: Resolution requesting approval of a Paratransit Broker Agreement with COMSIS Mobility Services, Inc., DBA Intelitran, for an amount not to exceed \$66,420,375, for a term of five years.

Contract Amount: Not to exceed \$66,420,375 over a five-year period.

Source of Funds: Funding for the total Paratransit Broker Agreement of \$66,420,375 is provided from five sources, including \$27,232,354, or 41 percent, from General Fund monies, as follows:

<u>Source of Funds</u>	<u>Percent</u>	<u>Amount</u>
General Fund	41	\$27,232,354
Transportation Authority	44	29,224,965
Commission on the Aging	5	3,321,019
State Transit Assistance	4	2,656,815
Bay Area Rapid Transit	6	3,985,222
Total	100	\$66,420,375

Term of Contract: April 1, 2000 through March 31, 2005 (five years).

Budget: Attachment I, provided by Muni, provides complete budget details for this \$66,420,375 contract.

Description: Paratransit services are door-to-door taxi and van services for City residents who are elderly or disabled and are certified for such services based on the Americans with Disabilities Act (ADA) eligibility criteria and who are unable to use fixed-route Muni.

The proposed Paratransit Broker Agreement would replace the City's existing agreement with Cerenio Management Group (CMG), a private company, which commenced on October 1, 1991, and will expire March 31, 2000.

In November of 1998, Muni issued a request for proposals (RFP) for a new 5-year Paratransit Broker Agreement,

BOARD OF SUPERVISORS
BUDGET ANALYST

for the period beginning July 1, 1999 through June 30, 2004. Three companies submitted proposals and two of the companies, CMG (the current contractor) and Intelitran, were selected as finalists by Muni. In February of 1999, an evaluation committee appointed by the PTC and consisting of two consumer representatives, two transit professionals outside of San Francisco, and one Muni representative, scored each proposal (Attachment II contains a list of the persons appointed to the evaluation committee). The scoring process resulted in a very close point spread between the two bidders, with CMG receiving the greater number of total points (CMG received 821 points and Intelitran received 811 points), but with Intelitran receiving a higher rating by a majority of the committee members. According to Ms. Annette Williams of Muni, as a result of the close point spread between the two bidders, Muni initiated contract negotiations with both bidders and requested each bidder to propose measures to address the weaknesses that were identified by the evaluation committee. Based on the results of the contract negotiations, Muni staff recommended that Intelitran be awarded the contract.

However, according to Ms. Williams, in order to ensure a fair selection process, the Public Transportation Commission (PTC) directed that a new evaluation team, including an additional consumer representative, be selected to re-evaluate the proposals and all additional materials submitted by each bidder as part of the earlier negotiations. In July of 1999, the second evaluation committee reviewed the proposals and also recommended that the contract be awarded to Intelitran (Intelitran received 929 points and CMG received 865 points). Attachment II also contains a list of the persons appointed to the second evaluation committee.

Meanwhile, the term of the existing Agreement with CMG was extended by the PTC three times (from July 1, 1999 through October 31, 1999, from November 1, 1999 through December 31, 1999, and from January 1, 2000 through March 31, 2000), in order to permit completion of the selection process of a contractor for a new five-year Paratransit Broker Agreement.

Approval of the proposed resolution would authorize PTC to enter into a five-year Paratransit Broker Agreement with Intelitran, for a total contract cost not to exceed \$66,420,375.

Comments:

1. According to Ms. Williams, the total contract amount for the five-year period would not exceed \$66,420,375, of which \$10,961,193, or 16.5 percent, would be administrative costs for the five-year period, and \$271,684, or 0.4 percent, would be start-up costs.

Ms. Williams states that the annual administrative costs would be allocated as follows:

One-time start-up costs	\$ 271,683
Year 1 (4/1/00 – 6/30/00, or 3 months)	535,431
Year 2 (7/1/00 - 6/30/01)	2,138,661
Year 3 (7/1/01 - 6/30/02)	2,099,370
Year 4 (7/1/02 - 6/30/03)	2,144,391
Year 5 (7/1/03 - 6/30/04)	2,190,763
Year 6 (7/1/04 - 3/31/05, or 9 months)	<u>1,580,894</u>
Total Administrative Costs	\$10,961,193

Attachment III, provided by Muni, contains the details to support the annual budgets for administrative costs noted above. Such total administrative costs of \$10,961,193 are also reflected in Attachment I.

2. As shown in the attached memorandum provided by Muni (Attachment IV), the Paratransit Broker manages subcontracts with paratransit service providers, monitors service quality, administers client eligibility, manages the sale of fare instruments, and acts on behalf of the PTC as the principal customer service representative for paratransit services. Ms. Williams states that the evaluation criteria, as set forth in the RFP, allocated 45 percent weight to the content of the work plan, including user, provider, and administrative tasks, 25 percent weight to the proposer background, and 30 percent weight to the budget for administrative costs. Ms. Williams states that CMG bid \$10,796,629 in five-year administrative costs and Intelitran bid \$10,874,095 in five-year administrative costs. As noted in the attached memorandum, Ms. Williams states that the actual five-

Memo to Finance and Labor Committee
February 2, 2000 Finance and Labor Committee Meeting

year administrative costs differ from the bid of \$10,874,095 submitted by Intelitran because the start date for the Paratransit Broker Agreement was changed from July 1, 1999 to April 1, 2000 (a period of nine months). Ms. Williams states that the increased administrative costs of \$87,098, or 0.8 percent, (\$10,961,193 less \$10,874,095) are due to a cost of living adjustment resulting from the delayed start date of nine months.

3. Ms. Williams states that the Paratransit Broker would subcontract with paratransit service providers, including taxicab companies, and group and lift van providers, to provide the paratransit services. Ms. Williams states that the approximate allocations for each type of service, under the \$66,420,375 five-year agreement, are as follows:

	<u>Five-Year Projected Cost</u>	<u>Percent</u>
Administrative Service	\$10,961,193	16.5
Taxi Service	26,684,503	40.0
Lift Van Service	11,906,763	18.0
Group Van Service	<u>16,867,916</u>	<u>25.5</u>
Total	\$66,420,375	100

Attachment I provides the projected annual dollar allocation for the taxi, lift van and group van services for the five-year agreement. According to Ms. Williams, the actual expenditure for paratransit services, including taxi, and group and lift van services, is based upon client demand, and the amount allocated for such paratransit services for each fiscal year is based on the approximate percentage of the total Paratransit Broker Agreement allocation, noted above.

4. Ms. Williams states that, under the proposed Paratransit Broker Agreement, Intelitran would subcontract with no less than five group van providers and one lift van provider to provide transportation services. Intelitran would select subcontractors, in consultation with Muni, through a Request for Qualifications (RFQ) process. Selection of a subcontractor

would be based on cost, and the type and quality of service provided. The projected allocation for the group and lift van services is contained in Attachment I. According to Ms. Williams, expenditures for lift van services under the Paratransit Broker Agreement with CMG in FY 1998-99 were \$1,940,473.51 and for the first five months in FY 1999-2000 (from July 1, 1999 through November 30, 1999) were \$906,097. Expenditures for group van services in FY 1998-99 were \$2,434,433.92 and for the first five months in FY 1999-2000 were \$1,148,819.

5. According to Ms. Williams, in addition to the group and lift van services noted above, the Paratransit Program provides taxi services. The taxi services are of two types.

(a) The Paratransit Program provides on-demand taxi service. Ms. Williams states that any taxicab company that meets the Paratransit Program insurance requirements can participate in the on-demand taxi program. The Paratransit Program client pays the regular taxi meter rate for the on-demand taxi service and receives a subsidy from the Paratransit Program, equal to 90 percent of the taxi fare.¹

(b) In addition to the on-demand taxi service, the City would lease to Intelitran 30 minivans, modified for use by the disabled, from April 1, 2000 through September 23, 2001 (approximately 18 months).² Ms. Williams states that the Board of Supervisors approved the minivan lease agreement with Cerenio Management Group (CMG) under the prior Paratransit Broker Agreement (Resolution 172-97-46). Under the proposed agreement, Intelitran would sublease the minivans to the 3 taxicab companies which already participate in the Paratransit Program (Luxor Cab, Town Cab and Yellow Cab) and which currently have a sublease with CMG for use of the vans. Ms. Williams states that the City's lease agreement with Intelitran would be unchanged from the City's lease

¹ The Paratransit Program client purchases a book of script worth \$30. The client pays \$3 for the \$30 script book, thus receiving a subsidy of \$27 or 90 percent.

² The City purchased the minivans, at a cost of \$38,541 per van, between November of 1997 to September 1998, and leased the minivans to Cerenio Management Group under the prior Paratransit Broker Agreement. Ms. Williams states that the useful life of such minivans is three years.

agreement with CMG and that revenue payable by Intelitran to the City under this lease agreement is \$19,297.24, monthly, or \$231,566.88 annually. According to Ms. Williams, when the subject lease agreement expires in September of 2001, Muni would purchase 30 additional minivans and enter into a new lease agreement with Intelitran, subject to Board of Supervisors approval.

Ms. Williams states that the total approximate five-year allocation for taxi services is \$26,705,527, and the \$231,566.88 annual lease amount payable by Intelitran to the City is included in this total annual allocation for taxi services. Attachment I contains the annual allocation for taxi services, totaling \$26,705,527 for the five-year period, which includes the annual \$231,566.88 amount for the minivan lease.

Ms. Williams states that the allocation for taxi services in FY 2000-2001, the first full year of the proposed agreement, would be \$5,067,079. Ms. Williams reports that expenditures for taxi services in FY 1998-99 under the Paratransit Broker Agreement with CMG were \$4,545,958.21 and for the first five months in FY 1999-2000 (from July 1, 1999 through November 30, 1999) were \$2,147,302.

6. According to Ms. Williams, and as noted in Attachment IV, Muni's projected expenditures of \$66,420,375 for the five-year Paratransit Program, from April 1, 2000 through March 31, 2005 are based on a 4 percent annual COLA. Ms. Williams states that, although the total projected cost of the five-year Paratransit Broker Agreement is \$66,420,375, PTC required that the competing companies only bid on the administrative costs portion of the total five-year Paratransit Broker Agreement cost of \$66,420,375. Attachment IV states the reason for proposing the five-year allocation of \$10,961,193 for administrative costs, which is based on the five-year bid for administrative costs of \$10,874,095, submitted by Intelitran, plus a cost of living adjustment added by PTC. Based on the information provided in Attachment IV, the Budget Analyst recommends that the proposed resolution be continued, to allow PTC to renegotiate the Paratransit Broker Agreement with

Intelitran, to provide for five-year administrative costs of \$10,874,095, as proposed by Intelitran in the RFP process, and not the five-year administrative costs of \$10,961,193, which includes the cost of living adjustment, as proposed in this resolution. Such cost of living increases should begin after completion of the first year of the contract. Therefore, the total contract amount would be decreased by \$87,098 (\$10,961,193 less \$10,874,095), resulting in a total contract cost of \$66,333,277 (\$66,420,375 less \$87,098).

7. As noted in Attachment IV, Ms. Williams states that, under the prior agreement with CMG, the amount of money budgeted each year for the Paratransit Program was based on utilization and expenditures for the prior year and on the amount of available funding from the various funding sources. Administrative costs payable to CMG were negotiated annually and could not exceed 14.25 percent of the total Paratransit budget for the year. Ms. Williams states that in FY 1998-99, which was the final full year of the Paratransit Broker Agreement with CMG, administrative costs payable to CMG were \$1,637,894 or 14.18 percent of the total Paratransit Program expenditures of \$11,551,079. Ms. Williams also states that administrative costs for FY 2000-2001, which is the first full year of the proposed Paratransit Broker Agreement with Intelitran, would be \$2,138,661, or 16.77 percent of the total projected Paratransit Program expenditures of \$12,753,522. According to Ms. Williams, the percentage for administrative costs is 2.59 percentage points more (16.77 percent less 14.18 percent) because the proposed Paratransit Broker Agreement with Intelitran requires more administrative tasks than the prior Paratransit Broker Agreement with CMG.

8. As explained by Ms. Williams in Attachment IV, Intelitran was selected as the contractor for the Paratransit Program by the second selection committee, which scored CMG and Intelitran, based on the proposal that each proposer submitted. The selection committee assigned points, out of 1000 possible points, based on each proposer's work plan on (a) user-related, provider-related, and administrative-related tasks (assigned a 45 percent weight), (b) the proposer's background and experience

(assigned a 25 percent weight), and (c) the proposed administrative costs for the five-year contract (assigned a 30 percent weight). Based on these criteria, the second selection committee gave Intelitran 929 points and CMG 865 points.

9. Attachment V, provided by Muni, contains an explanation of public hearings regarding consumer complaints and compliments regarding both Intelitran and CMG.

10. Attachment VI provides actual total expenditures and administrative expenditures for the Paratransit Program for FY 1994-95 through FY 1998-99.

Recommendations: Continue the proposed resolution, pending the renegotiation of the Paratransit Broker Agreement with Intelitran to provide for five-year administrative costs of \$10,874,095, resulting in a total contract amount of \$66,333,277, in accordance with Comment No. 6.

Administrative Budget Summary

	Startup	FY99-00 3 months	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05 9 months
Total Personnel	\$103,634	\$177,866	\$732,263	\$753,666	\$775,752	\$798,479	\$616,493
Contracted Services	\$20,386	\$109,655	\$447,399	\$458,531	\$471,027	\$483,898	\$372,866
Miscellaneous Costs	\$124,027	\$208,031	\$750,694	\$721,978	\$729,480	\$737,208	\$542,750
Equipment Costs	\$10,800	\$16,200	\$64,798	\$64,798	\$64,798	\$64,798	\$48,599
Video Educational Tools	\$0	\$0	\$46,000	\$0	\$0	\$0	\$0
Profit	\$12,836	\$23,680	\$97,506	\$100,376	\$103,333	\$106,379	\$82,178
Neg. adjust (3% inflation factor)							-\$81,993
Total Cost	\$271,683	\$535,431	\$2,138,661	\$2,099,370	\$2,144,391	\$2,190,763	\$1,580,894
Grand Total							\$10,961,193

Administration and Estimated Service Cost Summary

	Startup	FY99-00 3 months	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05 9 months	5 Year Total
Admin	\$271,683	\$535,431	\$2,138,661	\$2,099,370	\$2,144,391	\$2,190,763	\$1,580,894	\$10,961,193
Taxi		\$1,196,718	\$5,067,079	\$5,394,601	\$5,649,338	\$5,914,715	\$3,462,052	\$26,684,503
Lift Van		\$551,835	\$2,295,634	\$2,387,458	\$2,482,958	\$2,582,276	\$1,806,602	\$11,906,763
Group Van		\$781,766	\$3,252,148	\$3,382,234	\$3,517,524	\$3,658,224	\$2,276,020	\$16,867,916
Total	\$271,683	\$3,065,750	\$12,753,522	\$13,263,663	\$13,794,211	\$14,345,978	\$8,925,568	\$66,420,375

Paratransit Broker Services Contractor Selection

Committee #1

1. Griffith Humphrey, Paratransit Coordinating Council
2. Karen Young Simmons, Paratransit Coordinating Council
3. Ann Flemer, Metropolitan Transportation Commission
4. Priscilla Kays, Sacramento Regional Transit
5. Nancy Whelan, MUNI

Committee #2

1. Vincent Behan, Paratransit Coordinating Council
2. Debbie Mackin, Paratransit Coordinating Council
3. Laurie Hodas, Paratransit Coordinating Council
4. Cynthia Petersen, Golden Gate Transit
5. James Albert, MUNI

A	B	C	D	E	F	G	H	I	J
1	BROKER ADMINISTRATIVE COSTS								
2	PROJECT SAN FRANCISCO								
3	PROJECT EXPENSE STATEMENT								
4	Modified July 1, 1999								
5		Status	1999-2000	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
6		Budget	annual cost	3 months	annual cost	annual cost	annual cost	annual cost	9 months
7	GL AC # / DESCRIPTION								
8									
9	SUPPORT STAFF								
10	5094 LABOR CHARGES - DIRECT OVERSIGHT	4834	13,625.00	3,406.25	13,625.00	13,625.00	13,625.00	13,625.00	10,218.75
11	5095 LABOR CHARGES - MIS SUPPORT	2000.00	841.00	210.25	841.00	841.00	841.00	841.00	630.75
12	5096 LABOR CHARGES - EXECUTIVE OFFICE	300.00	300.00	75.00	300.00	300.00	300.00	300.00	225.00
13	5097 LABOR CHARGES - ACCOUNTING								
14	SUBTOTAL SUPPORT STAFF LABOR	25,134.00	14,766.00	3,691.50	14,766.00	14,766.00	14,766.00	14,766.00	11,074.50
15	5098 FRINGE ALLOCATION	5730.82	3,396.18	849.05	3,396.18	3,396.18	3,396.18	3,396.18	2,623.55
16	TOTAL SUPPORT STAFF W/FRINGE	30,914.82	18,162.18	4,540.55	18,162.18	18,162.18	18,162.18	18,162.18	13,698.05
17									
18	ON SITE STAFF	59,121.58	563,560.00	140,315.00	580,569.80	597,986.29	615,926.50	634,404.30	490,077.32
19	FRINGE	13,597.96	129,641.80	32,410.45	133,531.05	137,536.99	141,663.10	145,912.99	112,717.78
20	ALLOCATION OF G&A								
21	SUBTOTAL	72,719.54	693,301.80	173,325.45	714,100.85	735,523.88	757,589.60	780,317.28	602,795.10
22									
23	TOTAL ON SITE LABOR	72,719.54	693,301.80	173,325.45	714,100.85	735,523.88	757,589.60	780,317.28	602,795.10
24									
25	CONTRACTED SERVICES								
26	Jacobs Besser CBE	20,386.08	407,620.80	101,965.20	419,399.42	431,531.41	444,027.35	456,898.17	352,818.34
27	Auditor	0.00	7,000.00	1,750.00	7,000.00	7,000.00	7,000.00	7,000.00	5,250.00
28	Travel Trainers	0.00	20,000.00	5,000.00	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00
29	Debit Card System Support	0.00	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
30									
31	TOTAL CONTRACTED SERVICES	20,386.08	435,620.80	109,655.20	447,399.42	458,531.41	471,027.35	483,898.17	372,868.34
32									
33	INSURANCE								
34									
35	5211 TELEPHONE - LOCAL	5,000.00	30,000.00	7,500.00	30,000.00	30,000.00	30,000.00	30,000.00	22,500.00
36									
37	TOTAL UTILITIES	5,000.00	30,000.00	7,500.00	30,000.00	30,000.00	30,000.00	30,000.00	22,500.00
38									
39	5201 FACILITY RENT	50,000.00	168,000.00	42,000.00	168,000.00	168,000.00	168,000.00	168,000.00	1,26,000.00
40									
41	LICENSES								
42	FUEL MAINT & REPAIR (VEHICLE)	800.00	4,800.00	1,200.00	4,800.00	4,800.00	4,800.00	4,800.00	3,500.00
43									
44	TELEPHONE MAINTENANCE	0.00	6,000.00	1,500.00	36,000.00	6,000.00	6,000.00	6,000.00	4,500.00
45	COMPUTER MAINTENANCE	1,000.00	6,000.00	1,500.00	6,000.00	6,000.00	5,000.00	6,000.00	4,500.00
46	COPIER MAINTENANCE								
47									
48	MAINTENANCE & REPAIR OTHER	1,000.00	12,000.00	3,000.00	42,000.00	12,000.00	12,000.00	12,000.00	9,500.00
49									
50	5259 TRAVEL - OTHER	4,500.00	4,500.00	1,500.00	4,500.00	4,500.00	4,500.00	4,500.00	3,000.00
51	5321 EDUCATION & TRAINING	10,000.00	46,000.00	43,000.00	25,000.00	25,000.00	25,000.00	25,000.00	3,000.00
52									
53	TOTAL TRAVEL/TRAINING	14,500.00	50,500.00	44,500.00	29,500.00	29,500.00	29,500.00	29,500.00	6,000.00
54									
55	5241 OFFICE TAXES	2,000.00	2,000.00	500.00	2,000.00	2,000.00	2,000.00	2,000.00	1,500.00
56	APPEALS PANEL	3,500.00	3,500.00	375.00	3,500.00	3,500.00	3,500.00	3,500.00	2,125.00
57	5301 OFFICE SUPPLIES	10,000.00	38,000.00	2,000.00	48,000.00	48,000.00	48,000.00	48,000.00	36,000.00
58	5303 XEROX/DUPLICATING	40,000.00	10,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	30,000.00
59	SCRIPT PRINTING	40,000.00	13,000.00	42,000.00	36,000.00	36,000.00	36,000.00	36,000.00	27,000.00
60	IO CARD SUPPLIES	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	2,750.00
61	5116 MICR SERVICE CHARGES	15,000.00	28,800.00	22,200.00	88,000.00	88,000.00	88,000.00	88,000.00	66,000.00
62	5312 OVERNIGHT DELIVERY	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,250.00
63	5314 ADVERTISING	8,500.00	1,500.00	375.00	1,500.00	1,500.00	1,500.00	1,500.00	1,125.00
64	5601 VEHICLE INSURANCE	2,400.00	2,400.00	600.00	2,400.00	2,400.00	2,400.00	2,400.00	1,800.00
65	GENERAL AND ADMINISTRATIVE	24,724.54	235,722.81	58,930.65	242,794.29	250,078.12	257,180.46	265,307.88	204,950.33
66									
67	TOTAL OTHER COSTS	52,724.54	457,322.81	109,830.65	476,394.29	477,678.12	485,180.46	492,907.88	378,950.33
68									
69	TOTAL MISCELLANEOUS COSTS	124,026.64	722,522.51	208,020.65	750,694.29	721,978.12	729,480.46	737,207.88	542,750.33
70									
71	COMPUTER EQUIPMENT LEASE	5,325.48	31,952.85	7,984.21	31,952.85	31,952.85	31,952.85	31,952.85	23,964.64
72	FURNITURE LEASE	1,984.08	11,904.48	2,976.12	11,904.48	11,904.48	11,904.48	11,904.48	8,928.36
73	OFFICE EQUIPMENT LEASE	2,768.71	16,812.26	4,123.07	16,812.26	16,812.25	16,812.25	16,812.25	12,427.10
74	VEHICLE LEASE	721.43	4,328.88	1,082.22	4,328.88	4,328.88	4,328.88	4,328.88	3,246.68
75									
76	TOTAL EQUIPMENT LEASE COSTS	10,799.75	64,798.47	16,159.52	64,798.47	64,798.47	64,798.47	64,798.47	48,133.35
77									
78	VICO EDUCATIONAL TCCL				46,000.00				
79									
80	SUMMARY								
81									
82	SUPPORT LABOR	25,134.00	14,766.00	3,691.50	14,766.00	14,766.00	14,766.00	14,766.00	11,074.50
83	ON SITE LABOR	59,121.58	563,560.00	140,315.00	580,569.80	597,986.29	615,926.50	634,404.30	490,077.32
84	LABOR WITH CUT FRINGE	54,255.54	578,425.00	144,066.50	595,335.80	612,752.89	630,692.50	649,170.30	507,157.82
85									
86	FRINGE - SUPPORT LABOR	5,720.82	3,396.18	849.05	3,396.18	3,396.18	3,396.18	3,396.18	2,623.55
87	FRINGE - ON SITE LABOR	13,597.96	129,641.80	32,410.45	133,531.05	137,536.99	141,663.10	145,912.99	112,717.78
88	FRINGE TOTAL	19,318.78	133,037.93	33,259.50	136,927.23	140,937.17	145,059.28	149,302.17	115,341.53
89									
90	TOTAL PERSONNEL	103,634.36	711,463.93	177,366.00	732,253.03	753,666.06	775,751.78	798,479.46	616,452.15
91									
92	CONTRACTED SERVICES	20,386.08	435,620.80	109,655.20	447,399.42	458,531.41	471,027.35	483,898.17	372,868.34
93	MISCELLANEOUS COSTS	124,026.64	722,522.81	208,020.65	750,694.29	721,978.12	729,480.46	737,207.88	542,750.33
94	EQUIPMENT COSTS	10,799.75	64,798.47	16,159.52	64,798.47	64,798.47	64,798.47	64,798.47	48,133.35
95	VICO EDUCATIONAL TCCLs	0.00	0.00	0.00	46,000.00	0.00	0.00	0.00	0.00
96	PROJECT	12,835.90	94,715.66	23,679.66	97,565.73	100,376.42	103,333.22	106,378.73	82,171.17
97	NEG ADJ FOR 3% INFLATION FACTOR								(81,292.50)
98	TOTAL COST	271,682.73	2,029,224.52	535,431.12	2,138,660.95	2,299,370.48	2,144,391.29	2,190,762.72	1,560,593.56
99									
100									
101									

MEMORANDUM

To: Severn Campbell
Budget Analyst Office

From: Annette Williams
Accessible Services

Date: January 27, 2000

Subject: Paratransit Broker Contract

For the past 18 years, MUNI has contracted out paratransit services to a Paratransit Broker who performs many important functions. These include managing subcontracts with paratransit service providers, monitoring service quality, administering client eligibility, managing the sale of fare instruments, and acting on behalf of the Public Transportation Department as the principal customer service representative for paratransit services.

The current Paratransit Broker Agreement began on October 1, 1991 for a four year and nine month period and was extended for an additional three-year period to ensure a smooth implementation of the Americans with Disabilities Act. The Federal Transit Administration requires that such contracts be competitively bid every five years; however, in 1996, MUNI sought and received approval from the FTA for a three year extension. During this selection process the contract has been additionally extended through March 31, 2000.

In November, 1998, MUNI issued a Request for Proposals to select a Paratransit Broker for the new contract period. An evaluation team comprised of two consumer representatives from the Paratransit Coordinating Council, two transit professionals from outside of San Francisco, and one MUNI representative convened to review the proposals that were received in response to the RFP.

The Request for Proposals outlined the scope of work and requisite organizational capacity of the Paratransit Broker and specified the customer tasks, service provider tasks, and administrative tasks necessary for the administration of paratransit services. The evaluation criteria set forth in the RFP allocated 45% weight to the content of the work plan, including user, provider, and administrative tasks, 25% weight to proposer background, and 30% to budget. The RFP was subsequently approved by the Public Transportation Commission at its November 10, 1998 meeting.

The evaluation team shortlisted two finalists, Cernio Management Group, and Intelitran, for an oral presentation and interview. Following the interviews, the evaluation team developed a list of strengths and weaknesses, and scored each Proposer based upon i) the quality of its work plan from a customer, provider, and administrative perspective (45%), ii) its organizational capacity and experience (25%), and iii) its cost proposal (30%). The scoring process resulted in a very close point spread of 10 points between the two bidders, out of a total of 1000 points.

As a result of this close point spread, MUNI requested both bidders to propose measures to address the weaknesses that were identified by the evaluation team, as well as any changes to the Broker work plan.

Memo, Budget Analyst Office

January 27, 2000

staffing plan, and cost proposal that might result from such measures. Intelitran and Cerenio Management Group both presented programs to address the weaknesses identified by the evaluation team, and modified their work plans, staffing plans, and cost proposals accordingly. MUNI staff recommended that Intelitran be selected as the new Paratransit Broker. At its April 6, 1999 meeting, the Public Transportation Commission requested that a new selection committee be convened, with more consumer representation to review and rescore all the submissions from the proposers, including the proposals and negotiation materials, and to conduct interviews with both proposers.

Based on the direction from the Public Transportation Commission, a second selection committee was convened comprised of three members of the Paratransit Coordinating Council, as well as an independent specialist in the area of accessible transit, and a MUNI representative. The selection committee was provided with all of the materials from the proposers including all the materials which were presented as part of the negotiations including the final bids. The committee developed a list of strengths and weaknesses of each proposer and then conducted interviews with both proposers. The selection committee then evaluated the proposers using the same matrix as the first selection committee, again assessing the content of each proposer's work plan on user-related, provider-related, and administrative-related tasks (45%), the proposer's background and experience (25%), and the proposed cost (30%). Selection committee members scored the proposals, and subsequently scored each bidder after the interviews. Intelitran received the highest score, with 929 out of 1000 points, compared to 865 for Cerenio Management Group.

Cerenio Management Group bid \$10,796,629 for the five-year administrative costs and Intelitran bid \$10,874,095 for the five-year administrative costs. The actual five-year administrative cost in the contract is \$10,961,193. The contract amount differs from the bid amount due to the change in the start date of the contract. The bid was submitted and the contract negotiated by Intelitran for a 5 year contract period July 1, 1999 through June 30, 2004. In July of 1999 when the second selection process was completed a revised contract was submitted to the Commission for a November 1, 1999 start date. That contract was modified to allow a cola for the contract because the contract period was now extended 4 months into a 6th fiscal year, FY 04-05. Costs for that sixth year period would be significantly higher than the 1st year of the contract and a 3% per year escalation is included in the contract for labor costs. That cola which is included in the contract is \$87,098. The time period of the contract was subsequently extended a second time to begin April 1, 2000, no additional cola has been included for that time period, because when the start date was modified a second time the PTC did not modify any other contract terms. Intelitran has agreed to forego this additional cost of living adjustment.

The projected expenditures of \$66,420,375 for the five-year Paratransit Agreement is based on Muni's projected expenditures for the five year contract period and includes both administrative and service costs. San Francisco paratransit is comprised of three main modes of service. Approximately 40% of the paratransit budget is expended on the taxi service, 25.5% is expended on the group van services and 18% is expended on the lift lift van service. The yearly expenditures include a 4% annual cost of living adjustment. The total contract amount was determined independently of the submitted bids, although the actual amount allocated to administrative costs was determined by the administrative cost bids submitted by CMG and Intelitran. The administrative costs (\$10,961,193) were generated based on Intelitran's bid submittal plus a cost of living adjustment.

Under the prior contract with CMG, the amount of money budgeted each year for the Paratransit Program was based on use and expenditures for the previous year and on the amount of available funding. CMG's administrative costs were based on an annually negotiated administrative budget which could not exceed 14.25% of the total Paratransit budget for the year. CMG's administrative costs for the final full year of their contract (FY98-99) were \$1,637,894 out of the total budget of \$11,551,079.



San Francisco Public Transportation Department

949 Presidio Avenue, San Francisco, CA 94115 415.673.6864



MEMORANDUM

To: Severin Campbell
Budget Analyst Office

From: Annette Williams
Accessible Services

Date: January 27, 2000

Subject: Paratransit Broker Service

The purpose of this memo is to summarize the areas of paratransit provision which have been of most concern to persons who have provided input and complaints to Muni, as well as to discuss the methods whereby Muni staff incorporated this feedback into the Request for Proposals (RFP) and new Paratransit Broker contract.

Muni Accessible Services has a long history of working with its consumer advisory body, the Paratransit Coordinating Council, in planning San Francisco's paratransit services. Therefore the process to select a new Paratransit Broker was shaped by a high level of input from consumers and agency representatives. Over the years, many concerns have been raised with regard to paratransit service in San Francisco; listed below are the main areas of concern.

Customer Service

- Staff courtesy to paratransit clientele
- Responsiveness of staff to customer inquiries
- High level of bureaucracy in Broker operations
- Problems with administrative processing of scrip purchases

Language and Cultural Competency for Non-English Speaking Persons

- Lack of sufficient response to requests for information in other languages
- Provision of information, applications and brochures in other languages

Memo, Budget Analyst Office

January 27, 2000

Page 2

ADA Eligibility

- Ability and willingness to provide help to customers with questions regarding ADA eligibility
- Thoroughness of application review
- Assurance that standards used for eligibility determinations comply with the ADA

Communication between Transportation Providers and Group Van Agencies

- Assurance that providers communicate with group van agencies as problems arise
- Assurance that substitute drivers are well-trained to take over routes when regular drivers are out
- Problem-solving and ability to be proactive around improving service delivery to best meet customer needs

Service Reliability

- Taxi service reliability
- Ramp taxi service reliability
- Lift van reliability

Relationship to Community Based Organizations

- Maintaining open lines of communication with community based organizations serving seniors and persons with disabilities
- Improving outreach

Muni staff factored this consumer and agency feedback into the development of the Request for Proposals (RFP) and the Paratransit Broker contract. A draft version of the RFP was sent out in advance to the PCC members, and then discussed at the September 30, 1998 PCC meeting. Many comments were received from consumers and agency representatives, which were then appropriately incorporated into the final version of the RFP.

Consumer satisfaction was a priority throughout the entire selection process. Proposers were asked to address areas of concern raised by consumers and incorporate measures to address them in their proposals. Two consumers were part of the first selection committee, and three consumers were part of the second selection committee, ensuring strong consumer representation.

Memo, Budget Analyst Office

January 27, 2000

Attachment V
Page 3 of 3
Page 3

Finally, each area of concern has been addressed in the contract deliverables (please see "Paratransit Broker Contract Deliverables" for complete details). For example, to help ensure that services are culturally and linguistically competent, the new contract requires front line staff who speak Cantonese, Spanish and Russian to handle telephone calls and the intake counter, as well as the provision of informational materials in at least Cantonese, Spanish and Russian.

During the entire selection process, there have been many opportunities for public comment. Various aspects of the paratransit broker selection process have been on the agenda numerous times of diverse bodies such as the Paratransit Coordinating Council, the Public Transportation Commission, the Finance Committee of the Board of Supervisors and the System Performance and Oversight Subcommittee of the Transportation Authority, thereby providing many opportunities for public comment. At the January 18, 2000 meeting of the System Performance and Oversight Subcommittee of the Transportation Authority, the paratransit broker contract was the sole item on the agenda. This provided the public a forum to air their concerns and complaints. Many specific complaints were made concerning both Cerenio Management Group (the current Paratransit Broker contractor) and Intelitran (the recommended Paratransit Broker contractor). Representatives from both Cerenio Management Group and Intelitran were available at this meeting to speak to consumer complaints and concerns.



San Francisco Public Transportation Department

949 Presidio Avenue, San Francisco, CA 94115 415.673.6864



MEMORANDUM

To: Severin Campbell
Budget Analyst Office

From: Annette Williams
Accessible Services

Date: January 27, 2000

Subject: CMG Administrative Costs

I am writing this memo per your request to provide the paratransit administrative expenditures for the past five years. Cerenio Management Group (CMG) has been the Paratransit Broker for this entire period. The administrative budget has been negotiated annually, with the total amount approved not to exceed a set percentage (specified by the contract terms) of the annual paratransit budget. Due to fluctuations in service demand, expenditures have often been less than the total budgeted amount.

FY	Actual Expenditures	Admin Expenditures
94-95	\$9,346,312	\$1,112,469
95-96	\$9,763,358	\$1,118,320
96-97	\$9,799,236	\$1,584,877
97-98	\$10,234,067	\$1,623,324
98-99	\$10,948,794	\$1,637,894

Conclusions drawn from a comparison of the existing contract expenditures to the new contract may be misleading because Broker responsibilities have been increased significantly in the new contract. This is shown by fact that both proposers bid significantly higher annual administrative costs for the new contract.

Muni did not negotiate a final administrative contract with CMG as they were not the recommended proposer. Based on CMG's slightly lower administrative cost bid after preliminary negotiations, it is possible that were they chosen as Paratransit Broker, the administrative costs could be slightly less than under Intelitran. CMG bid \$10,796,629 in five-year administrative costs and Intelitran bid \$10,874,095 in five-year administrative costs, a difference of less than one percent. Paratransit service level costs for transportation for the next 5 year period should not differ regardless of which company functions as Paratransit Broker because that service would be competitively bid by either Broker.



City and County of San Francisco

Meeting Minutes

Finance and Labor Committee

Members: *Supervisors Leland Yee, Sue Bierman, Tom*

Clerk: *Mary Red*

City Hall
1 Dr. Carlton B.

GOVERNMENT DOC SECTION
Main Library

Wednesday, February 09, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:15 a.m.

DOCUMENTS DEPT.

FEB 14 2000

SAN FRANCISCO
PUBLIC LIBRARY

AGENDA CHANGES

REGULAR AGENDA

991482 [Planning Department Enforcement Program] Supervisor Yee

Hearing to consider the Planning Department's enforcement program, including how the enforcement program will be enhanced to vigorously enforce the Planning Code and terms of conditional use authorizations and how the positions that were approved in the FY 1999-2000 budget will be used to expand enforcement.

7/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

8/11/99, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Mary Gallagher, City Planning Department; Harry Stern, Friends of Noe Valley; Eleanor Gerhardt, Friends of Noe Valley; Bernie Chodan, Arron Peskin, Telegraph Hill; Tracey Hughes; Roberta Caravelli; Christina Stout, Marina District; Lois Scott, Local 21; Supervisor Bierman; Supervisor Ammiano.

9/29/99, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Mary Gallagher, Zoning Administrator, Supervisor Ammiano; Larry Badiner, City Planning Department; Supervisor Yee; Supervisor Bierman; Marvis Phillips, Tenderloin; Harry Stern, Friends of Noe Valley; Patricia Vaughey, Cow Hollow; John Barbey, Coalition of S.F. Neighborhoods, Jacob Goldber, Richmond District; Scott Durcanin, Russian Hill Neighbors Association; Anastasia Yovanopoulos, Noe Tenants Association.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Larry Badiner, City Planning Department; Marvis Phillips, North of Market Planning Coalition; Jim Corrigan.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991307 [Final Negative Declaration, Jobs-Housing Linkage Ordinance]**Supervisors Teng, Katz**

Resolution adopting Final Negative Declaration, finding and determining that the Jobs-Housing Linkage Ordinance will have no significant impact on the environment, and adopting and incorporating findings of final negative declaration. (Planning Commission)

(Final Negative Declaration adopted and issued on April 27, 1999; companion measure to File 991304.)

Supervisor Bierman dissenting in Committee.

6/30/99, RECEIVED AND ASSIGNED to Housing and Social Policy Committee Companion measure to File 991304

1/12/00, TRANSFERRED to Finance and Labor Committee

2/2/00, CONTINUED. Heard in Committee. Consideration continued to February 9, 2000. Speakers: Harvey Rose, Budget Analyst, Gerald Green, Director, Planning Department; Supervisor Ammiano; Supervisor Yee. Supervisor Katz requested to be added as sponsor

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Julian Low, Supervisor Katz's Aide, Gerald Green, Director of Planning, Supervisor Bierman, Supervisor Ammiano, Ted Lakey, Deputy City Attorney, Calvin Welch, Jim Gonzalez, Information Technology Coalition, Marie Jones, S.F. Partnership, Robert McCarthy, Chris Moore.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Noes: 1 - Bierman

991304 [Planning Code amendment to rename "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply the program to hotel, entertainment, and retail space according to square footage]**Supervisors Teng, Katz**

Ordinance amending Planning Code by amending Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, and 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program," to apply the program to all new and expanded hotel space of at least 25,000 square feet, to all new and expanded entertainment space of at least 50,000 square feet, and to all new and expanded retail space of at least 100,000 square feet, and by amending Section 314.1 of the childcare ordinance to conform to the new definition of "hotel." (Planning Department)

(Amends Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, 313.14, 314.1; adds Section 313.15; Final Negative Declaration dated April 27, 1999; Planning Commission Resolution No. 14832 adopted June 3, 1999 recommending proposed amendments to the Planning Code.)

6/30/99, RECEIVED AND ASSIGNED to Housing and Social Policy Committee FEE AD REQUIRED BEFORE ITEM IS SCHEDULED.

1/12/00, TRANSFERRED to Finance and Labor Committee

2/2/00, CONTINUED. Heard in Committee. Consideration continued to February 9, 2000. Speakers: Harvey Rose, Budget Analyst, Gerald Green, Director, Planning Department; Supervisor Ammiano; Supervisor Yee. Supervisor Katz requested to be added as sponsor

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Julian Low, Supervisor Katz's Aide; Gerald Green, Director of Planning; Supervisor Bierman; Supervisor Ammiano; Ted Lakey, Deputy City Attorney, Calvin Welch, Jim Gonzalez, Information Technology Coalition, Marie Jones, S.F. Partnership, Robert McCarthy, Chris Moore. Amendment of the Whole reflecting technical amendments from Supervisor Ammiano. Supervisor Bierman dissenting in committee

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Noes: 1 - Bierman

000276 [Planning Code amendment to rename "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply the program to hotel, entertainment, and retail space according to square footage]

Supervisor Ammiano

Ordinance amending Article III, Chapter II, Part II of the San Francisco Municipal Code (Planning Code) by amending Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, and 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program," to apply the program to all new and expanded hotel space of at least 25,000 square feet, to all new and expanded entertainment space of at least 50,000 square feet, and all new and expanded retail space of at least 100,000 square feet, and to all new and expanded research, development space of at least 50,000 square feet, and by amending Section 314.1 of the childcare ordinance to conform to the new definition of "Hotel."

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Julian Low, Supervisor Katz's Aide; Gerald Green, Director of Planning; Supervisor Bierman; Supervisor Ammiano; Ted Lakey, Deputy City Attorney; Calvin Welch; Jim Gonzalez, Information Technology Coalition; Marie Jones, S.F. Partnership; Robert McCarthy; Chris Moore. To be referred to City Planning for review and comments.

PREPARED IN COMMITTEE AS AN ORDINANCE.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000277 [Planning Code amendment to rename "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply the program to hotel, entertainment, and retail space according to square footage]

Supervisor Katz

Ordinance amending Article III, Chapter II, Part II of the San Francisco Municipal Code (Planning Code) by amending Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, and 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program," to apply the program to all new and expanded hotel space of at least 25,000 square feet, to all new and expanded entertainment space of at least 50,000 square feet, all new and expanded E-commercial retail space of at least 50,000 square feet, and to all other new and expanded retail space of at least 100,000 square feet, and to all new and expanded research, development and technology business service space of at least 50,000 square feet, and by amending Section 314.1 of the childcare ordinance to conform to the new definition of "Hotel."

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Julian Low, Supervisor Katz's Aide; Gerald Green, Director of Planning; Supervisor Bierman; Supervisor Ammiano; Ted Lakey, Deputy City Attorney; Calvin Welch; Jim Gonzalez, Information Technology Coalition; Marie Jones, S.F. Partnership; Robert McCarthy; Chris Moore. To be referred to City Planning for review and comment.

PREPARED IN COMMITTEE AS AN ORDINANCE.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000069 [Authorizing the City to accept funds as a result of the settlement of litigation against various manufacturers of tobacco products]
Resolution authorizing withdrawal and acceptance of tobacco settlement monies pursuant to the Memorandum of Understanding. (City Attorney)

(Companion measure to File 000068)
1/7/00, RECEIVED AND ASSIGNED to Finance and Labor Committee
Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Michelle Sexton, Deputy City Attorney, Supervisor Yee.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000181 [Reserved Funds, Treasure Island]
Hearing to consider release of reserved funds, Treasure Island Development Authority (Fiscal Year 1999-2000 Budget), in the amount of \$500,000 to fund the contract for environmental monitoring services and the building maintenance services. (Mayor)
1/25/00, RECEIVED AND ASSIGNED to Finance and Labor Committee
Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Robert Mahoney, Deputy Director, Treasure Island Development Authority; Supervisor Yee. Amended to release only \$154,675
APPROVED AND FILED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000173 [Grant to be used by the Airport to purchase light duty compressed natural gas vehicles to reduce emissions and improve the air on terminal roadways and Bay Area cities]
Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$116,000 from the Bay Area Air Quality Management District (Air District) for acquisition of light duty Compressed Natural Gas (CNG) vehicles. (Airport Commission)
1/25/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Department requests this matter be calendared at the February 9, 2000 meeting
Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jon Ballesteros, Airport Commission.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano
- 000073 [Approving lease between Parking Authority and Azad H. Nejad, et al. as tenant for Moscone Center Garage at 247-249 Third Street, to operate a mail/shipping and Internet link center at an initial base rent of \$2,250 per month]
Resolution approving commercial lease for space Nos. 6 and 7 at the Moscone Center Garage (Real Estate Department)
1/11/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony Delucchi, Real Estate Department; Supervisor Yee. Amended on page 2, line 15 to insert the word "year" after the word "five"
AMENDED.
RECOMMENDED AS AMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

**000226 [Department of Public Health Fiscal Years 1999-2000 and 2000-2001 Budget and related matters]
Supervisor Ammiano**

Hearing to consider the following issues related to the Department of Public Health: A review of the financial condition of the Department of Public Health for fiscal year 1999-2000, including projections of current year revenues, expenditures and required General Fund support; whether a supplemental appropriation will be needed by DPH for fiscal year 1999-2000 and, if so, projections of the amount of such an appropriation; the impact of the Department's financial condition on public health and community health network programs, including a status report on the Department's hiring freeze, current staffing levels, planned or implemented reductions in service and delays in implementing planned programs, including UCSF contracted programs at DPH facilities; a review of progress implementing Board-approved allocations for improvements to service in the Pharmacy, including proposed increases in staffing and capital improvements; a review of San Francisco General Hospital's emergency room case load and wait times since the recent closure of Mt. Zion's emergency room; a review of capital and maintenance expenditures made during fiscal year 1999-2000, the current condition of the physical plant at San Francisco General Hospital and the Community Health Network and the Department's entire list of pending or proposed capital expenditures; and projections for fiscal year 2000-2001 budget.

1/31/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Sponsor requests this matter be considered at the February 9, 2000 meeting.

Heard in Committee. Speakers: Supervisor Ammiano; Roma Guy, President, Health Commission; Dr. Mitchell Katz, Director of Health; Supervisor Yee; Harvey Rose, Budget Analyst; Ken Bruce, Budget Analyst's Office; Ed Harrington, Controller; Mr. Edwards, North of Market Coalition; Marvis Phillips; Pamela Johnson; Jennifer Friedenbach, Coalition on Homelessness; Dale Butler, Local 790; Nora Roman, R.N., San Francisco General Hospital (S.F.G.H.); Mary Magee, Staff Nurse, Birth Center, S.F.G.H.; Walker Dukes; Bob Ivory, Nurse, Emergency, S.F.G.H.; Sonya Hotchkiss; Arron Hayes, Nurse, CHN - Forensic; William Kramer, Renal Center; Hilary Parsons, Home Care Nurse; Larry Bradshaw, Paramedic, Fire Department; Lawrence Nichols, Intensive Care, S.F.G.H.; Charles Turner, Nurse, Emergency, S.F.G.H.; Supervisor Bierman.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**000224 [Quality of life enforcement program]
Supervisor Ammiano**

Hearing to consider the City Attorney's quality of life enforcement program and steps toward implementing the program.

1/31/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Sponsor requests this matter be considered at the February 9, 2000 meeting.

Continued to February 23, 2000.

CONTINUED by the following vote:

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

ADJOURNMENT

The meeting adjourned at 1:58 p.m.

File No. 991482

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation;
available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>City Planning Schedule</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Customer Service Action Plan</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Introduction Form</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper. On the left side, there are two vertical columns of small, empty square boxes. The rest of the page is filled with horizontal ruling lines, typical of notebook paper. There are no markings or text on the page.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

February 3, 2000

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: February 9, 2000 Finance and Labor Committee Meeting

Item 1 - 99-1482

Note: This item was continued by the Finance and Labor Committee at its meeting of September 29, 1999.

Department: Department of City Planning

Item: Hearing to consider the Planning Department's enforcement program, including how the enforcement program will be enhanced to vigorously enforce the Planning Code and terms of conditional use authorization and how the positions that were approved in the FY 1999-2000 Budget will be used to expand enforcement.

Description: The FY 1999-2000 Budget as approved by the Board of Supervisors included a total of 13 new, fee-based positions for the Department of City Planning. These positions are funded by Planning Commission fee revenues for processing various Planning Department approval requirements and Planning Commission cases.

Attachment I provided by the Department of City Planning, explains the intended organization and use of the eleven new, fee-based positions for the enforcement program.

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

Attachment II, provided by the Department, shows the \$1,035,687 in cost details of the positions as included in the FY 1999-2000 Budget.

At its meeting of September 29, 1999, the Finance and Labor Committee received preliminary information from the Department about its proposed Enforcement Work Program and proposed Enforcement Survey.

Attachment III is a memorandum to the members of the Planning Commission from Mr. Larry Badiner, the Department's Chief of Neighborhood Planning, concerning the Department's Code Enforcement Program. The memorandum provides information (a) on the results of a Code Enforcement Survey circulated to neighborhood organizations on the Department's Neighborhood Organization list and, (b) on the Department's priorities for its Enforcement Program.

Mr. Badiner has advised the Budget Analyst that he will attend the Finance Committee meeting of February 9, 2000, to respond directly to the Finance and Labor Committee regarding comments and questions pertaining to the Department's Code Enforcement Program.

San Francisco Planning Department

FY 1999-2000 Budget Proposal: Neighborhood Planning Unit's Request for Additional Staff

Background

The San Francisco Planning Department is composed of six units which undertake various aspects of current and long-range planning and environmental review for the City of San Francisco. The Neighborhood Planning unit within the Department is staffed by 50 positions and is organized geographically to undertake the review of all types of planning applications and building permits and to enforce the Planning Code. This unit engages in neighborhood outreach to better understand neighborhood needs and, once sufficiently funded, to develop plans, design guidelines, enforcement programs and other special programs designed to respond to the unique needs of individual neighborhoods. The Major Environmental Analysis Unit is staffed by 19 positions and is charged with conducting environmental review California Environmental Quality Act (CEQA).

In developing the Department's fiscal year 1999-2000 budget and work program, the Neighborhood Planning and Major Environmental Analysis Units undertook a needs assessment which examined the work flow, including the type and number of applications received and, for Neighborhood Planning, needs expressed by the neighborhoods in last year's Neighborhood Planning Survey — a survey of neighborhood organizations relating to planning issues. This assessment revealed that the number and complexity of applications has risen dramatically in the past year and far exceeded the number of applications that could be reviewed by the current staffing levels, that the applications brought in fees that would fully support enough new staff members to adequately review these applications; that by law the money from these applications must be put to use in reviewing the applications; and that the number one planning priority for neighborhood organizations is enforcement.

The Proposal

To respond to this needs assessment, the Department is asking for 13 new positions, fully paid for by application fees, to review applications and to enforce the Planning Code and monitor mitigation measures. Two of the positions will be review projects for CEQA compliance. This review is required by law. Projects cannot be considered for approval without CEQA review. Members of the public pay hefty fees to enable the Department to undertake this review. Without the new staff, the applicant's money is not put to any use and their project is frozen. Eleven of the positions will be assigned to Neighborhood Planning to review applications and enforce the Planning Code.

The Neighborhood Planning Unit currently has four geographic teams, each staffed by 6-9 planners and one support staff, as well as several pooled support staff, two Planner V's and the Zoning Administrator. Originally, the Department requested 18.5 positions for this unit. At that time, the proposal was to bring each of the four teams up to 10 people each, create a fifth geographic team and create one "tactical" team. The Mayor's office worked with the Department to arrive at a reduction in the request — from 18.5 to 11. With this reduction, the proposal changed by omitting the fifth team. (This decision was made by the planners who staff the teams now. It was based on the fact that 10 persons per team appears to be the optimal number of staff on a team in order to

have enough expertise of various types to serve a neighborhood, to provide backup during vacations and illnesses, etc.) Each of the four teams would be brought up to 10 persons each and a tactical team would be created under the 11-person proposal. The tactical team would undertake the following duties:

- 1) develop and coordinate a neighborhood-based enforcement program (see below for fuller explanation)
- 2) undertake the second phase of a citywide historic resources survey
- 3) revise Articles 10 and 11 of the Planning Code
- 4) develop a training program for neighborhood planning staff to ensure planners know the code and implement it appropriately
- 5) improve procedures
- 6) facilitate neighborhood outreach for the teams
- 7) when there are unexpected influxes in applications, help the geographic teams review cases.

The Enforcement Program

The enforcement program would be developed and coordinated by the tactical team and implemented by the geographic teams. Initially, the tactical team would work closely with representatives of umbrella organizations, in particular the Coalition for San Francisco's Neighborhoods and the Council of District Merchants, to assist in selecting neighborhoods and neighborhood issues on which to focus, and with representatives from the Building Department, the Mayor's Office of Neighborhood Services and City Attorney's Office to coordinate the enforcement actions of other city agencies. The geographic team members would then work closely with individual neighborhood groups to fine-tune the program based on the needs of each neighborhood. For instance, if 24th Street is chosen as one of the targeted areas, the neighborhood groups there may want the Department to focus on the illegal conversion of upper-story housing to office use. Another neighborhood may find illegal outdoor dining their most pressing problem. Still another may want the enforcement work to include several use-types. It is estimated that a minimum of one FTE of planner's time will be devoted to each of the quadrants to assure that the program continues to provide adequate enforcement efforts to San Francisco's neighborhoods. Additional resources would be allocated to the tactical team for this effort. The Zoning Administrator would play a key role in developing the program.

The Department would commit to semi-annual reports to the Coalition and Council of District Merchants to ensure accountability and secure feedback on the program's efficacy.

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Neighborhood Planning Cost Figures for Position Increases

Position Title	Base Salary	Fringe	FTE	Full Cost
Planner 5	\$ 91,072	\$ 22,049	1	\$ 113,921
Planner 4	\$ 77,491	\$ 18,508	2	\$ 192,178
Planner 3	\$ 65,302	\$ 15,672	4	\$ 323,096
Planner 2	\$ 65,071	\$ 13,217	2	\$ 138,576
Planner 1	\$ 45,310	\$ 10,874	1	\$ 56,184
1426	\$ 40,168	\$ 9,640	1	\$ 49,808
Subtotal			11	\$ 872,566

Some of the numbers are off by \$1 or \$2 due to rounding.

Major Environmental Analysis Unit Cost Figures

Position Title	Base Salary	Fringe	FTE	Full Cost
Planner 3	\$ 65,302	\$ 15,672	1	\$ 80,974
Planner 2	\$ 55,071	\$ 13,217	1	\$ 68,288
Subtotal			2	\$ 149,263
TOTAL/COST OF ALL POSITIONS			13	\$ 1,021,020
				13,859
				\$1,035,687

(MOU Increase)



PLANNING DEPARTMENT

City and County of San Francisco 1660 Mission Street San Francisco, CA 94103-2417

(415) 558-6378

PLANNING COMMISSION
FAX: 558-6400

ADMINISTRATION
FAX: 558-6426

CURRENT PLANNING/ZONING
FAX: 558-6409

LONG RANGE PLANNING
FAX: 558-6436

MEMORANDUM

DATE: December 9, 1999

TO: Members, San Francisco Planning Commission

FROM: Larry Badiner, Chief of Neighborhood Planning (558-6350)

RE: Proposed Enforcement Program Priorities

Recommendation: No Action Requested,
Comments requested at December 16 Informational Hearing

On November 18, 1999, the Department sent the Commission the Code Enforcement Work Program and the results of the Code Enforcement Survey. On December 19, 1999, we will be seeking the Commission's and the public's further input on Code Enforcement priorities contained in that report, and on the proposed Enforcement Program as detailed in this Memorandum.

The Department's 1999-2000 Budget and Work Program calls for reinvigorating the Code Enforcement Program. The Work Program, as modified by the Board of Supervisors and presented to the Planning Commission in September, allocates 4.8 Full Time Equivalent positions assigned within the Neighborhood Planning division. While the Department has been seeking input from neighborhood and merchant groups, the enforcement actions have taken on an increased priority. Currently, the Department has approximately 30 active enforcement cases being pursued.

In September, the Department presented a draft Code Enforcement Work Program to the Board of Supervisors' Finance Committee, which has taken an active oversight role in the process. In mid-October, was the Code Enforcement survey circulated to all organizations on the Department's Neighborhood Organization List. About sixty organizations responded in writing.

In response to this survey, from discussions with Department staff, the City Attorney's office, the Department of Building Inspection and other affected agencies, we have developed the following work Enforcement Priorities:

1. Responding to public complaints based upon the 1992 Priorities
2. Commission and Zoning Administrator-imposed conditions on projects.
3. Quadrant Specific Issues
 - NE- Illegal Signs
 - SE- Non-permitted commercial uses in residential zones
 - NW- Non-permitted commercial uses in residential zones
 - SW- Non-permitted commercial uses in residential zones

In analyzing the Enforcement Survey findings, it became apparent that three of the four quadrants' primary concerns were non-permitted commercial uses in residential zones.

In 1992, the Department set priorities by a matrix of Issues correlated to the Impact of the violation, as follows:

Violation Issue	Impact
1. Life Threatening	A. Significant (Nos. affected or impact)
2. Loss of Housing	B. Moderate Impact
3. Neigh Livability Issues	C. Low Impact
4. Loss of Jobs/Business	
5. Plan/Design Non-Compliance	

The Enforcement Survey indicated that neighborhood groups want a higher priority on Plan/Design non-compliance and neighborhood livability, in that order. The Department still believes that loss of housing is a critical issue in today's tight housing market. We are therefore proposing the following priority system.

Violation Issue (1992 Rank)	Impact
1. Life Threatening (1)	A. Significant (Nos. affected or impact)
2. Loss of Housing (2)	B. Moderate Impact
3. Plan/Design Non-Compliance (5)	C. Low Impact
4. Neigh Livability Issues (3)	
5. Loss of Jobs/Business (4)	

Next Steps

The Department will revise the Enforcement Program, as appropriate, after receiving comments at the December 16, 1999 hearing. We will continue to develop the procedures, and implement the necessary staff training to assure the program's success. It must be recognized that implementing the Enforcement Program will take considerable staff effort and a balancing of Department's and the Commission's enforcement and other priorities.

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

RECEIVED

JUL 26 1999

BY: _____

Time Stamp or
Meeting Date

I hereby submit the following item for introduction:

- _____ 1. For reference to Committee:
An ordinance, resolution, motion, or charter amendment.
- _____ 2. Request for next printed agenda without reference to Committee
- X _____ 3. Request for Committee hearing on a subject matter.
- _____ 4. Request for letter beginning "Supervisor _____ inquires...".
- _____ 5. City Attorney request.
- _____ 6. Call file from Committee.
- _____ 7. Budget Analyst request (by motion).
- _____ 8. Legislative Analyst request.

[Note: For the Imperative Agenda (a resolution not on the printed agenda, use a different form.)]

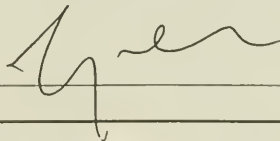
Sponsor(s): Supervisor Leland Yee

SUBJECT: Hearing regarding the Planning Department's Enforcement Program

The text is listed below or attached:

A hearing regarding the Planning Department's Enforcement Program, including how the enforcement program will be enhanced to vigorously enforce the Planning Code and terms of Conditional Use Authorizations, and how the positions that were approved in the FY 1999-2000 budget will be used to expand enforcement.

Signature of Sponsoring Supervisor: _____



For Clerk's Use Only:

F/L

991482

City Planning Schedule

Aug, Sep, Oct 1998

Bayview SECF 1800 Oakdale	Mondays 9:30 – 11:00 am Wednesdays 5:30 – 7:30 pm	Gene Coleman
Bernal Heights Library 500 Cortland	Tuesdays 10:00 am – 12:00 pm Wednesdays 5:30 – 7:30 p.m.	Dazzie Tack
Chinatown Library 1135 Powell	Mondays 2:00 – 5:00 pm Wednesdays 5:30 – 7:30 pm	
Excelsior Library 4440 Mission St	Mondays 1:00 – 3:00 p.m.	Loris/Edy
Mission Playground 19 th & Valencia	Wednesdays 5:30 – 7:30 p.m.	Gil Chavez
Presidio Library 3150 Sacramento	Tuesdays 10:00 am – 12:00 pm Wednesdays 5:30 – 7:30 p.m.	Grace Hing
Richmond; Anza Library 550 37 th Ave	Mondays 12:00 – 2:00 pm Wednesdays 5:30 – 7:30 pm	Adam Light
Sunset; Taraval PD 2345 24 th Ave	Mondays 10:00 am – 12:00 pm Wednesdays 5:30 – 7:30 pm	

CUSTOMER SERVICE ACTION PLAN

IMPROVING THE QUALITY OF LIFE IN SAN FRANCISCO NEIGHBORHOOD BY NEIGHBORHOOD

**Bayview Hunter's Point
Bernal Heights and Glen Park**

September 1996 to June 1999

Castro

Chinatown

Downtown

Forest Hill Extension

Marina, Cow Hollow and Pacific Heights

Mission

Mission Bay and Potrero Hill

Richmond, Seacliff and Lake

Stonestown

Sunset, Golden Gate Heights, Forest Hill and Parkside

Twin Peaks



1999-2000 Planning Department Enforcement Work Program
Status September 29, 1999

TASK	STATUS (<i>Italics = Completion</i>)
1. Hire new staff & make assignments to enforcement program- Mid-September <ul style="list-style-type: none"> • assign Planner V as TAC/Enforcement Manager and liaison to Board of Appeals coordinator • assign Planner IV as TAC enforcement coordinator • assign planner as enforcement tech. spec. on each team 	<p><i>Larry Badiner - Aug 19</i></p> <p><i>Lois Scott/May Fung - Sept. 21</i> <i>Selected Sept. 7</i></p>
2. Staff review of existing Citywide Enforcement Priorities - Mid-September <ul style="list-style-type: none"> • review 1992 Enforcement Program Priorities • review General Plan policies re. Enforcement • review enforcement priorities/programs of DBI and the City Attorney 	<p><i>Sept. 9</i></p> <p><i>End September</i> <i>Initiated Sept. 24</i></p>
3. Staff review of Enforcement Issues by neighborhood Mid-October <ul style="list-style-type: none"> • review 1998 Neighborhood Planning Issues Survey • review input from team leaders on key enforcement issues in each quadrant 	<p><i>Prelim. Review Sept</i> <i>Mid September</i></p>
4. Design & Development of Neighborhood by Neighborhood Program, including City Attorney & other City agency Participation - End October <ul style="list-style-type: none"> • draft enforcement survey to send to Neighborhood Planning Issues Survey respondents • review responses from enforcement survey and rank key enforcement issues by quadrant • neighborhood outreach by staff and Meetings in neighborhood • staff development of quadrant-specific enforcement programs, with input from C.A.'s office & DBI • Draft any necessary legislation to implement enforcement program 	<p><i>Sept. 24, mail end Sept.</i></p> <p><i>Mid October</i></p> <p><i>October</i></p> <p><i>End October</i></p> <p><i>End October</i></p>
5. Review and Comment by City-wide Neighborhood/ Merchant Groups - November Meetings <ul style="list-style-type: none"> • circulate enforcement program outline to neighborhood/merchant groups for review - follow-up meetings 	<p><i>November</i></p>
6. Planning Commission Hearing on the Program Mid-Nov <ul style="list-style-type: none"> • staff preparation of Commission presentation 	<p><i>November 17</i></p>
7. Refinement of Program based on Public Testimony End November <ul style="list-style-type: none"> • Initiate Preservation Legislation 	<p><i>End November</i></p>
8. Updates on progress at the Planning Commission	<p><i>Periodically</i></p>

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
1999-00**

Department: City Planning (continued)

The City Planning Department's proposed new positions are as follows:

<u>Name</u>	<u>Classification</u>	<u>No. of Positions</u>	<u>Salary at Top Step</u>	<u>Annualized No. of Positions</u>	<u>Total Salaries</u>
Planner III	5291	1.5	\$65,552	2.0	\$131,104
Senior Clerk Typist	1426	1.0	40,321	1.0	40,321
Planner I	5277	1.0	45,483	1.0	45,483
Planner II	5278	3.0	55,282	3.0	165,846
Planner III	5291	5.0	65,552	5.0	327,762
Planner IV	5294	2.0	77,787	2.0	155,574
Planner V	5297	1.0	92,224	1.0	92,224
		14.5		15.0	\$958,314

In addition to the two General Fund Planner positions to oversee the development of the area plans and neighborhood profiles for the Central Waterfront and Upper Market Street areas, the Department has requested 13 new positions including 12 Planner positions that would be funded by Planning Commission fee revenues for processing various Planning Department approval requirements and Commission cases, and would be supported by Planning Department fee revenues. The Budget Analyst is recommending approval of those 13 new position requests supported by fee revenues.

DEPARTMENT REVENUE

Department revenues have increased by \$1,819,275 or 25 percent and General Fund support has increased by \$1,762,011 or 88.9 percent, from \$1,982,217 in FY 1998-99 to \$3,744,228 in FY 1999-00.

File No. 991307

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation; |
| | | available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |

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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper designed for handwriting practice. On the left side, there are two vertical columns of small, empty square boxes. The rest of the page is filled with horizontal ruling lines, providing a guide for letter height and placement. There are no markings or text on the page.

1 ADOPTING FINAL NEGATIVE DECLARATION, FINDING AND DETERMINING THAT
2 THE JOBS-HOUSING LINKAGE ORDINANCE WILL HAVE NO SIGNIFICANT
3 IMPACT ON THE ENVIRONMENT, AND ADOPTING AND INCORPORATING
4 FINDINGS OF FINAL NEGATIVE DECLARATION.

5 WHEREAS, On April 3, 1999, amended April 26, 1999, the Planning
6 Department issued for public review, a preliminary negative
7 declaration, [Case #1999.178E] for the Jobs-Housing Linkage
8 Ordinance and

9 WHEREAS, On April 27, 1999, the negative declaration was
0 finalized by the Planning Department; and

1 WHEREAS, This Board of Supervisors conducted a public hearing
2 on the matter of adoption of the final negative declaration prior
3 to consideration of the Jobs-Housing Linkage Ordinance; now,
4 therefore, be it

5 RESOLVED, That this Board of Supervisors has considered and
6 reviewed the final negative declaration and adopts said final
7 negative declaration; and be it

8 FURTHER RESOLVED, That this Board of Supervisors hereby finds
9 and determines that there is no substantial evidence that the
0 Jobs-Housing Linkage Ordinance will have a significant effect on
1 the environment and that the negative declaration reflects the
2 lead agency's independent judgment and analysis; and be it

3 FURTHER RESOLVED, That this Board of Supervisors adopts and
4 incorporates herein by reference thereto the findings of the
5 final negative declaration, [Case #1999.178E], issued by the

1 Planning Department, a copy of which is on file with the Clerk
2 of the Board of Supervisors.

3
4
5 RECOMMENDED:

6 PLANNING COMMISSION
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11 Gerald G. Green

12 Director of Planning
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File No. 991304

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation;
available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Jobs Housing Nexus Analysis</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

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[Jobs-Housing Linkage Program]

AMENDING ARTICLE III, CHAPTER II, PART II OF THE SAN FRANCISCO MUNICIPAL CODE (PLANNING CODE) BY AMENDING SECTIONS 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, AND 313.14, AND BY ADDING SECTION 313.15, TO RENAME THE "OFFICE AFFORDABLE HOUSING PRODUCTION PROGRAM" AS THE "JOBS-HOUSING LINKAGE PROGRAM," TO APPLY THE PROGRAM TO ALL NEW AND EXPANDED HOTEL SPACE OF AT LEAST 25,000 SQUARE FEET, TO ALL NEW AND EXPANDED ENTERTAINMENT SPACE OF AT LEAST 50,000 SQUARE FEET, AND TO ALL NEW AND EXPANDED RETAIL SPACE OF AT LEAST 100,000 SQUARE FEET, AND BY AMENDING SECTION 314.1 OF THE CHILDCARE ORDINANCE TO CONFORM TO THE NEW DEFINITION OF "HOTEL."

Note: Deletions are in ((double parentheses)); additions are underlined.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Chapter II, Article III of the San Francisco Planning Code is hereby amended by amending Sections 313, 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, and 313.14 to read as follows:

SEC. 313. HOUSING REQUIREMENTS FOR ((OFFICE)) LARGE-SCALE COMMERCIAL DEVELOPMENT PROJECTS. Sections 313.1 through ((313.14)) 313.15 set forth the requirements and procedures for the ((Office Affordable Housing Production Program)) Jobs-Housing Linkage Program.

1 **SEC. 313.1. DEFINITIONS.** The following definitions shall govern interpretation of the
2 ordinance:

3 (1) "Affordable housing project" shall mean a housing project containing units
4 constructed to satisfy the requirements of Sections 313.5 or 313.7 of this ordinance or
5 receiving funds from the Citywide Affordable Housing Fund under Section 313.12.

6 (2) "Affordable to a household" shall mean a purchase price that a household can
7 afford to pay based on an annual payment for all housing costs of 33 percent of the combined
8 household annual net income, a 10 percent down payment, and available financing, or a rent
9 that a household can afford to pay based on an annual payment for all housing costs of 30
10 percent of the combined annual net income.

11 (3) "Affordable to qualifying households" shall mean:

12 (A) With respect to owned units, the average purchase price on the initial sale of all
13 affordable owned units in an affordable housing project shall not exceed the allowable
14 average purchase price. Each unit shall be sold:

15 (i) Only to households with an annual net income equal to or less than that of a
16 household of moderate income; and

17 (ii) ((On the initial sale, a) At or below the maximum purchase price(;; and)).

18 (((iii) On subsequent sales, at or below the prices to be determined by the Director in
19 rules and regulations promulgated pursuant to Section 313.5(f) such that the units are
20 affordable to qualifying households.))

21 (B) With respect to rental units in an affordable housing project, the average annual
22 rent shall not exceed the allowable average annual rent. Each unit shall be rented:

23 (i) Only to households with an annual net income equal to or less than that of a
24 household of lower income;

25 (ii) At or less than the maximum annual rent.

(4) "Allowable average purchase price" shall mean:

(A) For all affordable one-bedroom units in a housing project, a price affordable to a two-person household of median income as set forth in Title 25 of the California Code of Regulations Section 6932 ("Section 6932") on January 1st of that year;

(B) For all affordable two-bedroom units in a housing project, a price affordable to a three ((two))-person household of median income as set forth in Section 6932 on January 1st of that year;

(C) For all affordable three-bedroom units in a housing project, a price affordable to a four-person household of median income as set forth in Section 6932 on January 1st of that year;

(D) For all affordable four-bedroom units in a housing project, a price affordable to a five-person household of median income as set forth in Section 6932 on January 1st of that year.

(5) "Allowable average annual rent" shall mean:

(A) For all affordable one-bedroom units in a housing project, 18 percent of the median income for a household of two persons as set forth in Section 6932 on January 1st of that year;

(B) For all affordable two-bedroom units in a housing project, 18 percent of the median income for a household of three persons as set forth in Section 6932 on January 1st of that year;

(C) For all affordable three-bedroom units in a housing project, 18 percent of the median income for a household of four persons as set forth in Section 6932 on January 1st of that year;

Σ

(D) For all affordable four-bedroom units in a housing project, 18 percent of the median income for a household of five persons as set forth in Section 6932 on January 1st of that year.

(6) "Annual net income" shall mean net income as defined in Title 25 of the California Code of Regulations Section 6916.

(7) "Average annual rent" shall mean the total annual rent for the calendar year charged by a housing project for all affordable rental units in the project of an equal number of bedrooms divided by the total number of affordable units in the project with that number of bedrooms.

(8) "Average purchase price" shall mean the purchase price for all affordable owned units in an affordable housing project of an equal number of bedrooms divided by the total number of affordable units in the project with that number of bedrooms.

(9) "City" shall mean the City and County of San Francisco.

((9)) (10) "Community apartment" shall be as defined in San Francisco Subdivision Code Section 1308(b).

((10)) (11) "Condominium" shall be as defined in California Civil Code Section 783.

(12) "Director of Building Inspection" shall mean the Director of the Department of Building Inspection or his or her designee, including other City agencies or departments.

((11)) (13) "Director of Planning" shall mean the Director of ((City)) the Planning Department or his or her designee, including the Mayor's Office of Housing and other City agencies or departments.

(14) "Entertainment development project" shall mean any new construction, addition, extension, conversion, or enlargement, or combination thereof, of an existing structure which includes any gross square feet of entertainment use.

1 (15) "Entertainment use" shall mean space within a structure or portion thereof
2 intended or primarily suitable for the operation of a nighttime entertainment use as defined in
3 San Francisco Planning Code Section 102.17, a movie theater use as defined in San
4 Francisco Planning Code Sections 790.64 and 890.64, an adult theater use as defined in San
5 Francisco Police Code Section 191, any other entertainment use as defined in San Francisco
6 Planning Code Sections 790.38 and 890.37, and, notwithstanding San Francisco Planning
7 Code Section 790.38, an amusement game arcade (mechanical amusement devices) use as
8 defined in Planning Code Sections 790.4 and 890.4. Under this ordinance, "entertainment
9 use" shall include all office and other uses accessory to the entertainment use, but excluding
0 retail uses and office uses not accessory to the entertainment use.

1 (((12))) (16) "First certificate of occupancy" shall mean either a temporary certificate of
2 occupancy or a Certificate of Final Completion and Occupancy as defined in San Francisco
3 Building Code Section 109, whichever is issued first.

4 (17) "Hotel development project" shall mean any new construction, addition,
5 extension, conversion, or enlargement, or combination thereof, of an existing structure which
6 includes any gross square feet of hotel use.

7 (18) "Hotel use" shall mean space within a structure or portion thereof intended or
8 primarily suitable for rooms, or suites of two or more rooms, each of which may or may not
9 feature a bathroom and cooking facility or kitchenette and is designed to be occupied by a
0 visitor or visitors to the City who pays for accommodations on a daily or weekly basis but who
1 do not remain for more than 31 consecutive days. Under this ordinance, "hotel use" shall
2 include all office and other uses accessory to the renting of guest rooms, but excluding retail
3 uses and office uses not accessory to the hotel use.

4 (((13))) (19) "Household" shall mean any person or persons who reside or intend to
5 reside in the same housing unit.

1 (((14))) (20) "Household of lower income" shall mean a household composed of one
2 or more persons with a combined annual net income for all adult members which does not
3 exceed the qualifying limit for a lower-income family of a size equivalent to the number of
4 persons residing in such household, as set forth for the County of San Francisco in Title 25 of
5 the California Code of Regulations Section 6932.

6 (((15))) (21) "Household of median income" shall mean a household composed of one
7 or more persons with a combined annual net income for all adult members which does not
8 exceed the qualifying limit for a median-income family of a size equivalent to the number of
9 persons residing in such household, as set forth for the County of San Francisco in Title 25 of
10 the California Code of Regulations Section 6932.

11 (((16))) (22) "Household of moderate income" shall mean a household composed of
12 one or more persons with a combined annual net income for all adult members which does
13 not exceed the qualifying limit for a moderate-income family of a size equivalent to the number
14 of persons residing in such household, as set forth for the County of San Francisco in Title 25
15 of the California Code of Regulations Section 6932.

16 (((17))) (23) "Housing developer" shall mean any business entity building housing
17 units which receives a payment from a sponsor for use in the construction of the housing
18 units. A housing developer may be (a) the same business entity as the sponsor, (b) an entity
19 in which the sponsor is a partner, joint venturor, or stockholder, or (c) an entity in which the
20 sponsor has no control or ownership.

21 (((18))) (24) "Housing unit" or "unit" shall mean a dwelling unit as defined in San
22 Francisco Housing Code Section 401.

23 (((19))) (25) "Interim Guidelines" shall mean the Office Housing Production Program
24 Interim Guidelines adopted by the City Planning Commission on January 26, 1982, as
S 25 amended.

1 (((20))) (26) "Maximum annual rent" shall mean the maximum rent that a housing
2 developer may charge any tenant occupying an affordable unit for the calendar year. The
3 maximum annual rent shall be 30 percent of the annual income for a lower-income household
4 as set forth in Section 6932 on January 1st of each year for the following household sizes:

- 5 (A) For all one-bedroom units, for a household of two persons;
- 6 (B) For all two-bedroom units, for a household of three persons;
- 7 (C) For all three-bedroom units, for a household of four persons;
- 8 (D) For all four-bedroom units, for a household of five persons.

9 (((21))) (27) "Maximum purchase price" shall mean the maximum purchase price that
0 a household of moderate income can afford to pay for an owned unit based on an annual
1 payment for all housing costs of 33 percent of the combined household annual net income, a
2 10 percent down payment, and available financing, for the following household sizes:

- 3 (A) For all one-bedroom units, for a household of two persons;
- 4 (B) For all two-bedroom units, for a household of three persons;
- 5 (C) For all three-bedroom units, for a household of four persons;
- 6 (D) For all four-bedroom units, for a household of five persons.

7 (28) "Net addition of gross square feet of entertainment space" shall mean gross floor
8 area as defined in San Francisco Planning Code Section 102.9 to be occupied by, or primarily
9 servicing, entertainment use, less the gross floor area in any structure demolished or
10 rehabilitated as part of the proposed entertainment development project that was used
11 primarily and continuously for entertainment, hotel, office, or retail use and was not accessory
12 to any use other than entertainment, hotel, office, or retail use for five years prior to Planning
13 Commission approval of an entertainment development project subject to this Section, or for
14 the life of the structure demolished or rehabilitated, whichever is shorter, so long as such
15 space was subject to this ordinance or the Interim Guidelines.

1 (29) "Net addition of gross square feet of hotel space" shall mean gross floor area as
2 defined in San Francisco Planning Code Section 102.9 to be occupied by, or primarily serving
3 hotel use, less the gross floor area in any structure demolished or rehabilitated as part of the
4 proposed hotel development project that was used primarily and continuously for
5 entertainment, hotel, office, or retail use and was not accessory to any use other than
6 entertainment, hotel, office, or retail use for five years prior to Planning Commission approval
7 of a hotel development project subject to this Section, or for the life of the structure
8 demolished or rehabilitated, whichever is shorter, so long as such space was subject to this
9 ordinance or the Interim Guidelines.

10 ((22))) (30) "Net addition of gross square feet of office space" shall mean gross floor
11 area as defined in San Francisco Planning Code Section 102.9 to be occupied by, or primarily
12 serving, office use, less the gross floor area in any structure demolished or rehabilitated as
13 part of the proposed office development project ((space)) that was used primarily and
14 continuously for entertainment, hotel, office, or retail use and was not accessory to any use
15 other than entertainment, hotel, office, or retail use for five years prior to Planning
16 Commission approval of an office development project subject to this Section, or for the life of
17 the structure demolished or rehabilitated, whichever is shorter.

18 (31) "Net addition of gross square feet of retail space" shall mean gross floor area as
19 defined in San Francisco Planning Code Section 102.9 to be occupied by, or primarily serving,
20 retail use, less the gross floor area in any structure demolished or rehabilitated as part of the
21 proposed retail development project that was used primarily and continuously for
22 entertainment, hotel, office, or retail use and was not accessory to any use other than
23 entertainment, hotel, office, or retail use for five years prior to Planning Commission approval
24 of a retail development project subject to this Section, or for the life of the structure
25 demolished or rehabilitated, whichever is shorter.

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1 (((23))) (32) "Office development project" shall mean any new construction, addition,
2 extension, conversion, or enlargement, or combination thereof, of an existing structure which
3 includes any gross square feet of office ((space)) use.

4 (((24))) (33) "Office use" shall mean space within a structure or portion thereof
5 intended or primarily suitable for occupancy by persons or entities which perform, provide for
6 their own benefit, or provide to others at that location services including, but not limited to, the
7 following: ((P))professional, banking((,)); insurance((,)); management((,)); consulting((,));
8 technical((,)); sales((,)); and design; ((or)) and the office functions of manufacturing and
9 warehousing businesses((, but excluding)). Under this ordinance, "office use" shall exclude:
0 retail uses; repair; any business characterized by the physical transfer of tangible goods to
1 customers on the premises; wholesale shipping, receiving and storage; and design
2 showcases or any other space intended and primarily suitable for display of goods. Under
3 ((T))this ((definition)) ordinance, "office use" shall include all uses encompassed within the
4 meaning of San Francisco Planning Code Section 219.

5 (((25))) (34) "Ordinance" shall mean San Francisco Planning Code Sections 313.1
6 through 313.14.

7 (((26))) (35) "Owned unit" shall mean a unit affordable to qualifying households which
8 is a condominium, stock cooperative, community apartment, or detached single-family home.
9 The owner or owners of an owned unit must occupy the unit as their primary residence.

0 (((27))) (36) "Owner" shall mean the record owner of the fee or a vendee in
1 possession.

2 (((28))) (37) "Rent" or "rental" shall mean the total charges for rent, utilities, and
3 related housing services to each household occupying an affordable unit.

4 (((29))) (38) "Rental unit" shall mean a unit affordable to qualifying households which
5 is not a condominium, stock cooperative, or community apartment.

1 (39) "Retail development project" shall mean any new construction, addition,
2 extension, conversion, or enlargement, or combination thereof, of an existing structure which
3 includes any gross square feet of retail use.

4 (((30))) (40) "Retail use" shall mean space within any structure or portion thereof
5 intended or primarily suitable for occupancy by persons or entities which supply commodities
6 to customers on the premises including, but not limited to, stores, shops, restaurants, bars,
7 eating and drinking businesses, and the uses defined in San Francisco Planning Code
8 Sections 218 and 220 through 225, and also including all space accessory to such retail use.

9 (((31))) (41) "Section 6932" shall mean Section 6932 of Title 25 of the California Code
10 of Regulations as such section applies to the County of San Francisco.

11 (((32))) (42) "Sponsor" shall mean an applicant seeking approval for construction of
12 a((n office)) development project subject to this Section, such applicants' successors and
13 assigns, and/or any entity which controls or is under common control with such applicant.

14 (((33))) (43) "Stock cooperative" shall be as defined in California Business and
15 Professions Code Section 11003.2.

16 (((34) "Superintendent" shall mean the Superintendent, Bureau of Building
17 Inspection.))

18
19 **SEC. 313.2. FINDINGS.** The Board hereby finds and declares as follows((:)). Large-
20 scale entertainment, hotel, office (including research and development), and retail
21 developments in the City and County of San Francisco (hereinafter "City") have attracted and
22 continue to attract additional employees to the City, and there is a causal connection between
23 such developments and the need for additional housing in the City, particularly housing
24 affordable to households of lower and moderate income. ((Office)) Such commercial uses in
25 the City ((are benefitted by)) benefit from the availability of housing close by for ((persons

employed in such offices close to their place of employment)) their employees. However, the supply of housing units in the City has not kept pace with the demand for housing created by these new employees. Due to this shortage of housing, employers will have difficulty in securing a labor force, and employees, unable to find decent and affordable housing, will be forced to commute long distances, having a negative impact on quality of life, limited energy resources, air quality, social equity, and already overcrowded highways and public transport.

There is a low vacancy rate for housing affordable to persons of lower and moderate income. In part, this low vacancy rate is due to factors unrelated to large-scale commercial ((office)) development, such as high interest rates, high land costs in the City, immigration from abroad, demographic changes such as the reduction in the number of persons per household, and personal, subjective choices by households that San Francisco is a desirable place to live. This low vacancy rate is also due in part to large-scale ((office)) commercial developments which have attracted and will continue to attract additional employees and residents to the City. Consequently, some of the employees attracted to these ((large office)) developments are competing with present residents for scarce, vacant affordable housing units in the City. Competition for housing generates the greatest pressure on the supply of housing affordable to households of lower and moderate income. In San Francisco, office or retail uses of land generally yield higher income to the owner than housing. Because of these market forces, the supply of these affordable housing units will not be expanded. Furthermore, Federal and State housing finance and subsidy programs are not sufficient by themselves to satisfy the lower and moderate income housing requirements of the City.

As demonstrated in the "((Analysis of the OAHPP Formula prepared by the Department of City Planning in November 1994)) Jobs Housing Nexus Analysis" prepared by Keyser Marston Associates, Inc. in June 1997," construction of new housing units in the City ((has)) decreased to a low of ((500)) 288 units in 1993 compared to an average annual production of

1 ((1,600)) 1,330 units ((over the previous ten)) during the years 1980 through 1995. Overall
2 housing production in the City should average ((2,300)) approximately 2,200 units a year to
3 keep up with the City's share of regional housing demand.

4 There is a continuing shortage of low- and moderate-income housing in San Francisco.
5 Affordable housing production in the City ((has)) averaged approximately ((350)) 340 units per
6 year during the ((past 10)) years 1980 through 1995. However, the demand for new
7 affordable housing ((is)) will be approximately 1,300 units per year for the years 2000 through
8 2015.((The City needs 64,000 new housing units to relieve the City's existing housing
9 shortage of units affordable to low-income households, to reduce overcrowding and unfair
10 costs, and to accommodate persons with special housing needs.))

11 Objective 1, Policy 7 of t((T))he Residence Element of the San Francisco Master Plan
12 calls for the provision of additional housing to accommodate the demands of new residents
13 attracted ((here)) to the City by expanding employment opportunit((y made available by))ies
14 caused by the growth of ((office use)) large-scale commercial activities in the City. ((The City
15 should impose requirements on developers of office projects designed to mitigate the adverse
16 effects of the expanded employment facilitated by such projects)) Such development projects
17 should assist in meeting the City's housing needs by contributing to the provision of housing.
18 ((To that end, the City Planning Commission is authorized affirmatively to promote the policies
19 of the Residence Element of the San Francisco Master Plan through the imposition of special
20 housing development requirements.))

21 It is desirable to impose the cost of the increased burden of providing housing
22 necessitated by ((such office)) large-scale commercial development projects directly upon the
23 sponsors of ((new)) the development projects ((generating the need through a requirement
24 that the)) by requiring that the project sponsors construct housing or pay a fee to the City to
25

1 subsidize housing development as a condition of the privilege of development and to assist
2 the community in solving those of its housing problems generated by the development.

3 The required housing exaction shall be based upon formula((e))s derived in the report
4 entitled "((The Economic Basis for an Office Housing Production Program in San Francisco,"
5 prepared by Recht, Hausrath & Associates, dated July 19, 1984)) Jobs Housing Nexus
6 Analysis" prepared by Keyser Marston Associates, Inc., dated June, 1997. ((The housing
7 exaction shall also be based on the "Analysis of the OAHPP Formula" prepared by the
8 Department of City Planning dated November 1994, which confirms the present validity of the
9 conclusions reached in the Recht Hausrath report.)) The ((("Analysis of the OAHPP Formula"
0 also)) "Jobs Housing Nexus Analysis" demonstrates the validity of (((1))) the nexus between
1 new, large-scale entertainment, hotel, office, and retail development and the increased
2 demand for housing in the City, and (((2))) the numerical relationship between ((new office))
3 such development projects and the formulas for provision of housing set forth in this
4 ordinance.

5 Because the shortage of affordable housing created by ((office)) large-scale
6 commercial development in the City can be expected to continue for many years, it is
7 necessary to maintain the affordability of the housing units constructed by ((office))
8 developers of such projects under this program. In order to maintain the long-term
9 affordability of such housing, the City is authorized to enforce affordability requirements
0 through mechanisms such as shared appreciation mortgages, deed restrictions, enforcement
1 instruments, and rights of first refusal exercisable by the City at the time of resale of housing
2 units built under the program.

3 Objective 8, Policy 2 of the Residence Element of the San Francisco Master Plan
4 encourages the Planning Commission to periodically reassess requirements placed on large-
5 scale commercial development under the Office Affordable Housing Production Program

1 ("OAHPP"), predecessor to the Jobs-Housing Linkage Program. To that end, within 18
2 months following the effective date of this ordinance, the Director of Planning shall report to
3 the Commission, the Board of Supervisors, and the Mayor on the current supply and demand
4 of affordable housing in the City, the status of compliance with this ordinance, and the efficacy
5 of this ordinance in mitigating the City's shortage of affordable housing available to employees
6 working in development projects subject to this ordinance. Thereafter, if in the discretion of
7 the Director of Planning there has been a substantial change in the San Francisco and/or
8 regional economies since the effective date of this ordinance, the Director of Planning may
9 recommend to the Commission, the Board of Supervisors, and the Mayor that this ordinance
10 be amended or rescinded to alleviate any undue burden on commercial development in the
11 City that the ordinance may impose.

12
13 **SEC. 313.3. APPLICATION.** (a) In all cases where an environmental evaluation
14 application for the development project is filed on or after January 1, 1999, ((T))this ordinance
15 shall apply to:

16 (1) any entertainment development project proposing the net addition of 50,000 or
17 more square feet of entertainment space;

18 (2) any hotel development project proposing the net addition of 25,000 or more
19 square feet of hotel space;

20 (3) any office development project((s)) proposing the net addition of 25,000 or more
21 gross square feet of office space; and

22 (4) any retail development project proposing the net addition of 100,000 or more
23 square feet of retail space.

24 (b) This ordinance shall not apply to:

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(1) Any development project other than a((n office)) development project described in subsection (a) of this Section, including ((that)) those portions of ((an office)) a development project consisting of ((a retail use)) the net addition of gross square feet of any type of space not described in subsection (a) of this Section;

(2) ((That)) Those portions of a((n office)) development project described in subsection (a) of this Section located on property owned by the United States or any of its agencies or leased by the United States or any of its agencies for a period in excess of 50 years, with the exception of such property not used exclusively for a governmental purpose;

(3) ((That)) Those portions of a((n office)) development project described in subsection (a) of this Section located on property owned by the State of California or any of its agencies, with the exception of such property not used exclusively for a governmental or educational purpose;

(4) ((That)) Those portions of a((n office)) development project described in subsection (a) of this Section located on property under the jurisdiction of the San Francisco Redevelopment Agency or the Port of San Francisco where the application of this ordinance is prohibited by California or local law;

(5) Any office development project approved by the Planning Commission prior to August 18, 1985 that was not subject to the Interim Guidelines; or

(6) Any office development project approved by the Planning Commission prior to August 18, 1985 that was subject to the Interim Guidelines. If the action of the Planning Commission affecting such office development project is thereafter modified, superseded, vacated, or reversed by the Board of ((Permit)) Appeals, the Board of Supervisors, or by court action in a manner affecting the amount of housing required under the Interim Guidelines, the permit application on remand to the Planning Commission shall remain subject to the Interim Guidelines.

1 (7) Any major phase or development project in Mission Bay North or South to the
2 extent application of this ordinance would be inconsistent with the Mission Bay North
3 Redevelopment Plan and Interagency Cooperation Agreement or the Mission Bay South
4 Redevelopment Plan and Interagency Cooperation Agreement, as applicable.

5
6 **SEC. 313.4. IMPOSITION OF HOUSING REQUIREMENT.** (a) The ((City)) Planning
7 Department or the ((City)) Planning Commission shall impose a condition((s)) on the approval
8 of an application((s)) for ((office)) a development project((s covered by)) subject to this
9 ordinance in order to mitigate the impact on the availability of housing which will be caused by
10 the employment facilitated by ((the proposed office development)) that project. The
11 condition((s)) shall require that the applicant pay or contribute land to a housing developer to
12 construct housing or pay an in-lieu fee to the City Controller which shall thereafter be used
13 exclusively for the development of housing affordable to households of lower or moderate
14 income.

15 (b) Prior to either the Department's or the Commission's approval of a building or
16 site permit for a((n office)) development project subject to this ordinance, the Department shall
17 issue a notice complying with Planning Code Section 306.3 setting forth its initial
18 determination of the net addition of gross square feet of ((office space)) each type of space
19 subject to this ordinance.

20 (c) Any person may appeal the initial determination by delivering an appeal in
21 writing to the Department within 15 days of such notice. If the initial determination is not
22 appealed within the time allotted, the initial determination shall become a final determination.
23 If the initial determination is appealed, the Commission shall schedule a public hearing prior to
24 the approval of the development project by the Department or the Commission to determine
25 the net addition of gross square feet of ((office space)) each type of space subject to this

ordinance. The public hearing may be scheduled separately or simultaneously with a hearing under ((City)) Planning Code Sections 306.2, 309(h), 314.5, or a Discretionary Review hearing under San Francisco Municipal Code Part III, Section 26. The Commission shall make a final determination of the net addition of gross square feet of each type of space subject to this ordinance at the hearing.

(d) The final determination of the net addition of gross square feet of ((office space)) each type of space subject to this ordinance shall be set forth in the conditions of approval of any building or site permit application approved by the Department or the Commission. The Director of Planning shall notify the ((Superintendent)) Director of Building Inspection that a((n office)) development project is subject to this ordinance at the time the Department or the Commission approves the building or site permit for the ((office)) development project.

(e) In the event that the Department or the Commission takes action affecting any ((office)) development project subject to this ordinance and such action is thereafter modified, superseded, vacated, or reversed by the Board of ((Permit)) Appeals, the Board of Supervisors, or by court action, the permit application for such ((office)) development project shall be remanded to the Commission to determine whether the proposed project has been changed in a manner which affects the calculation of the amount of housing required under this ordinance and, if so, the Commission shall revise the housing requirement imposed on the permit application in compliance with this ordinance within 60 days of such remand and notify the sponsor in writing of such revision or that a revision is not required.

(f) The sponsor shall supply all information to the Department and the Commission necessary to make a determination as to the applicability of this ordinance and the number of gross square feet of ((office space)) each type of space subject to this ordinance.

(g) The sponsor o((r))f any ((office)) development project subject to this ordinance shall have the option of:

1 (1) Contributing a sum or land of value equivalent ((equal)) to or greater than the in-lieu fee according to the formulas set forth in Section 313.6 to one or more housing developers who will use the funds or land to construct housing units pursuant to Section 313.6 for each type of space subject to this ordinance; or

5 (2) Paying an in-lieu fee to the Controller according to the formula set forth in Section 313.6 for each type of space subject to this ordinance; or

7 (3) Combining the above options pursuant to Section 313.7 for each type of space subject to this ordinance.

10 **SEC. 313.5. COMPLIANCE THROUGH PAYMENT TO HOUSING DEVELOPER.**

11 (a) If the sponsor elects to pay a sum or contribute land of value equivalent equivalent to the in-lieu fee to one or more housing developers to meet the requirements of this ordinance, the housing developer(((s))) or developers shall be required to construct at least the number of housing units determined by the following formulas for each type of space proposed as part of the development project and subject to this ordinance:

17 Net Addition Gross Sq. Ft. Entertainment Space × .000140 = Housing Units

18 Net Addition Gross Sq. Ft. Hotel Space × .000110 = Housing Units

19 Net Addition Gross Sq. Ft. Office Space × .000161 = Housing Units

20 Net Addition Gross Sq. Ft. Retail Space × .000140 = Housing Units

22 ((Sixty-two percent of those)) The housing units required to be constructed under the above formula must be affordable to qualifying households continuously for 50 years. If the sponsor elects to contribute to more than one distinct housing development under this Section, the sponsor shall not receive credit for its monetary contribution to any one development in

1 excess of the amount of the in-lieu fee, as adjusted under Section 313.6, multiplied by the
2 number of units in such housing development.

3 (b) Within one year of the final determination under Section 313.4(c) or a revised
4 final determination under Section 313.4(e), or prior to the issuance by the ((Superintendent))
5 Director of Building Inspection of the first site or building permit for a((n office)) development
6 project subject to this ordinance, whichever occurs first, the sponsor shall submit to the
7 Director of Planning:

8 (1) A written housing development plan identifying the housing project(((s))) or
9 projects to receive funds or land from the sponsor and the proposed mechanism for enforcing
0 the requirement that ((62 percent of)) the housing units constructed will be affordable to
1 qualifying households for 50 years; and

2 (2) A certification that the sponsor has made a binding commitment to contribute an
3 amount of money or land of value ((to one or more housing developers))) equivalent to or
4 greater than the amount of the in-lieu fee that would otherwise be required under Section
5 313.6 to one or more housing developers and that the housing developer(((s))) or developers
6 shall use such funds or land to develop the housing subject to this Section.

7 If the sponsor fails to comply with these requirements within one year of the final
8 determination or revised final determination, it shall be deemed to have elected to pay the in-
9 lieu fee under Section 313.6 to comply with this ordinance. In the event that the sponsor fails
0 to pay the in-lieu fee within the time required by Section 313.6, the ((Superintendent)) Director
1 of Building Inspection shall deny any and all site or building permits or certificates of
2 occupancy for the ((office)) development project until the Director of Planning notifies the
3 ((Superintendent)) Director of Building Inspection that such payment has been made or land
4 contributed, and the Director of Planning shall immediately initiate lien proceedings against
5 the sponsor's property pursuant to Section 313.9 to recover the fee.

1 (c) Within 30 days after the sponsor has submitted a written housing development
2 project plan to the Director of Planning under ((Part)) subsection (b) of this Section, the
3 Director of Planning shall notify the sponsor in writing of his or her initial determination as to
4 whether the plan is in compliance with this Section, publish the initial determination in the next
5 Planning Commission calendar, and cause a public notice to be published in an official
6 newspaper of general circulation stating that such housing development plan has been
7 received and stating the Director of Planning's initial determination. Within 10 days after such
8 written notification and published notice, the sponsor or any other person may request a
9 hearing before the Commission to contest such initial determination. If the Director of Planning
10 receives no request for a hearing within such 10-day period, the determination of the
11 Director of Planning shall become a final determination. Upon receipt of any timely request
12 for hearing, the Director of Planning shall schedule a hearing before the Commission within 30
13 days. The scope of the hearing shall be limited to the compliance of the housing development
14 plan with this Section, and shall not include a challenge to the amount of the housing
15 requirement imposed on the ((office)) development project by the Department or the
16 Commission. At the hearing, the Commission may either make such revisions ((of)) to the
17 Director of Planning's initial determination as it may deem just, or confirm the Director of Planning's
18 initial determination. The Commission's determination shall then become a final
19 determination, and the Director of Planning shall provide written notice of the final
20 determination to the sponsor and to any person who timely requested a hearing of the
21 Director of Planning's determination. The Director of Planning shall also provide written notice
22 to the ((Superintendent)) Director of Building Inspection that the housing units to be
23 constructed pursuant to such plan are subject to this ordinance.

24 (d) In making a determination as to whether a sponsor's housing development plan
S 25 complies with this Section, the Director of Planning and the Commission shall credit to the

1 sponsor any excess Interim Guideline credits or excess credits ((which)) that the sponsor
2 elects to apply against its housing requirement. The remaining housing units required shall be
3 subject to the requirements of ((Part)) subsection (a) of this Section.

4 (e) ((With respect to office development projects receiving a project authorization
5 from the Commission under Planning Code Section 322 after January 1, 1990, p))Prior to the
6 issuance by the ((Superintendent)) Director of Building Inspection of the first site or building
7 permit for a((n office)) development project subject to this Section, the sponsor must:

8 (1) Provide evidence to the Director of Planning in writing that it has paid in full the
9 sum or transferred title of the land required by ((Part)) subsection (a) of this Section to one or
0 more housing developers;

1 (2) Notify the Director of Planning that construction of the housing units has
2 commenced, evidenced by:

3 (A) The City's issuance of site and building permits for the entire housing
4 development project,

5 (B) Written authorization from the housing developer and the construction lender
6 that construction may proceed,

7 (C) An executed construction contract between the housing developer and a general
8 contractor, and

9 (D) The issuance of a performance bond enforceable by the construction lender for
0 100 percent of the replacement cost of the housing project; and

1 (3) Provide evidence satisfactory to the Director of Planning that ((62 percent of))
2 the units required to be constructed will be affordable to qualifying households for 50 years
3 through an enforcement mechanism approved by the Director of Planning pursuant to
4 ((Parts)) subsections (b) through (d) of this Section.
5

1 ((With respect to office development projects receiving a project authorization before
2 January 1, 1990, the sponsor shall be required to comply with conditions (1) through (3)
3 above prior to the issuance by the Superintendent of the first certificate of occupancy for the
4 office development project.)) The ((Superintendent)) Director of Building Inspection shall
5 provide notice in writing to the Director of Planning at least five business days prior to
6 issuance of the first site or building permit((, or, in the case of projects approved before
7 January 1, 1990, the first certificate of occupancy.)) for any ((office)) development project for
8 which the sponsor elects to pay a sum or contribute land to one or more housing developers.
9 If the Director of Planning notifies the ((Superintendent)) Director of Building Inspection within
10 the five business days that the conditions of (1) through (3) of this subsection have not been
11 met, the ((Superintendent)) Director of Building Inspection shall refuse any and all site or
12 building permits or certificates of occupancy for the ((office)) development project. If the
13 Director of Planning notifies the ((Superintendent)) Director of Building Inspection that the
14 sponsor has complied with these conditions or fails to respond within five business days, the
15 ((Superintendent)) Director of Building Inspection shall not disapprove a site or building permit
16 or certificate of occupancy pursuant to this Section. Any failure of the ((Superintendent))
17 Director of Building Inspection or the Director of Planning to give any notice under this Section
18 shall not relieve a sponsor from compliance with this Section. Where the ((Superintendent))
19 Director of Building Inspection issues any site or building permit or certificate of occupancy for
20 the ((office)) development project in error, the Director of Planning shall initiate lien
21 proceedings against the ((office)) development project under Section 313.9, and the
22 ((Superintendent)) Director of Building Inspection shall revoke any permit or certificate issued
23 in error and refuse any site or building permit or certificate of occupancy until the sponsor has
24 complied with this Section.

1 (((f)) Within three months of the effective date of this ordinance, the Director is hereby
2 directed to prepare and publish written guidelines by which compliance with this Section shall
3 be determined.))

4 (((g))) (f) Where the sponsor elects to pay a sum or contribute land of value
5 equivalent to the in-lieu fee to one or more housing developers, the sponsor's responsibility
6 for completing construction of and maintaining the affordability of housing units constructed
7 ceases from and after the date on which:

8 (1) The conditions of (1) through (3) of ((Part)) subsection (e) of this Section have
9 been met; and

10 (2) A mechanism has been approved by the Director of Planning to enforce the
11 requirement that ((62 percent of)) the housing units constructed will be affordable to qualifying
12 households continuously for 50 years.

14 **SEC. 313.6. COMPLIANCE THROUGH PAYMENT OF IN-LIEU FEE.**

15 (a) Commencing on ((January 1, 1995)) March 11, 1999, the amount of the fee which may be
16 paid by the sponsor of a((n office)) development project subject to this ordinance in lieu of
17 developing and providing the housing required by Section 313.5 shall be ((computed as
18 follows)) determined by the following formulas for each type of space proposed as part of the
19 development project and subject to this ordinance:

21 Net Addition Gross Sq. Ft. Entertainment Space × \$5.29 = Total Fee

22 Net Addition Gross Sq. Ft. Hotel Space × \$4.25 = Total Fee

23 Net Addition Gross Sq. Ft. Office Space × \$7.05 = Total Fee

24 Net Addition Gross Sq. Ft. Retail Space × \$5.29 = Total Fee

Such in-lieu fee shall be revised effective January 1st of each year, commencing on January 1, ((1996)) 2000, by the percentage increase or decrease in the Average Area Purchase Price Safe Harbor Limitations for New Single-Family Residences for the San Francisco Primary Metropolitan Statistical Area ("PMSA") established by the Internal Revenue Service ("IRS") since January 1st of the previous year; provided, however, that in the event that said percentage increase exceeds 20 percent, the in-lieu fee shall be increased by 20 percent, and the difference between the percentage increase in the Average Area Purchase Price and 20 percent shall be carried over and added to the in-lieu fee adjustment for the following calendar year. In the event that the IRS does not adjust the above figure within a 14-month period, the Commission may authorize and certify a study for adjusting the last published IRS figure, to be effective until the IRS revises the figure. In making a determination as to the amount of the fee to be paid, the Director of Planning shall credit to the sponsor any excess Interim Guideline credits or excess credits which the sponsor elects to apply against its housing requirement.

(b) ((With respect to office development projects approved after January 1, 1990, p))Prior to the issuance by the ((Superintendent)) Director of Building Inspection of the first site or building permit for a((n office)) development project subject to this ordinance, the sponsor must notify the Director of Planning in writing that it has either (i) satisfied the conditions of Section 313.5(e) or (ii) paid in full the sum required by this Section to the Controller. ((With respect to office development projects approved before January 1, 1990, if the sponsor has not satisfied conditions (1) through (3) of Section 313.5(e), the sponsor shall be required to notify the Director in writing that it has paid in full the sum required by this Section prior to the issuance by the Superintendent of the first certificate of occupancy for the office development project.)) If the sponsor fails by the applicable date to demonstrate to the Director of Planning that the sponsor ((payment)) has satisfied the conditions of Section

1 313.5(e) or paid the applicable sum in full to the Controller, the Director of Building Inspection
2 ((been made in full, the Superintendent)) shall deny any and all site or building permits or
3 certificates of occupancy for the ((office)) development project until the Director of Planning
4 notifies the ((Superintendent)) Director of Building Inspection that such payment has been
5 made, and the Director of Planning shall immediately initiate lien proceedings against the
6 sponsor's property pursuant to Section 313.9 to recover the fee.

7 (c) Upon payment of the fee in full to the Controller and upon request of the
8 sponsor, the Controller shall issue a certification that the fee has been paid. The sponsor
9 shall present such certification to the Director of Planning prior to the issuance by the
0 ((Superintendent)) Director of Building Inspection of the first site or building permit or
1 certificate of occupancy for the ((office)) development project. The ((Superintendent)) Director
2 of Building Inspection shall provide notice in writing to the Director of Planning at least five
3 business days prior to issuing the first site or building permit or certificate of occupancy for
4 any ((office)) development project subject to this Section. If the Director of Planning notifies
5 the ((Superintendent)) Director of Building Inspection within such time that the sponsor has
6 not complied with the provisions of this Section, the ((Superintendent)) Director of Building
7 Inspection shall deny any and all site or building permits or certificates of occupancy. If the
8 Director of Planning notifies the ((Superintendent)) Director of Building Inspection that the
9 sponsor has complied with this Section, or fails to respond within five business days, a site or
0 building permit or certificate of occupancy shall not be disapproved pursuant to this Section.
1 Any failure of the ((Superintendent)) Director of Building Inspection or the Director of Planning
2 to give any notice under this Section shall not relieve a sponsor from compliance with this
3 Section. Where the ((Superintendent)) Director of Building Inspection issues any site or
4 building permit or certificate of occupancy for the ((office)) development project in error, or
5 where a sponsor fails for any reason to pay the in-lieu fee to the Controller in compliance with

1 this Section prior to the ((Superintendent)) Director of Building Inspection's issuance of the
2 first site or building permit or certificate of occupancy for the ((office)) development project, th
3 Director of Planning shall immediately initiate lien proceedings against the ((office))
4 development project under Section 313.9 to recover the fee, and the ((Superintendent))
5 Director of Building Inspection shall revoke any permit or certificate issued in error and refuse
6 any site or building permit or certificate of occupancy until the sponsor has complied with this
7 Section.

8
9 **SEC. 313.7. COMPLIANCE THROUGH COMBINATION OF PAYMENT TO**
10 **HOUSING DEVELOPER AND PAYMENT OF IN-LIEU FEE.** The sponsor of a((n office))
11 development project subject to this ordinance may elect to satisfy its housing requirement by
12 a combination of paying money or contributing land to one or more housing developers under
13 Section 313.5 and paying a partial amount of the in-lieu fee to the Controller under Section
14 313.6. In the case of such election, the sponsor must pay a sum such that each gross square
15 foot of net addition of ((office space)) each type of space subject to this ordinance is
16 accounted for in either the payment of a sum or contribution of land to one or more housing
17 developers or the payment of a fee to the Controller. The housing units constructed by a
18 housing developer must conform to all requirements of this ordinance, including, but not
19 limited to, the proportion that must be affordable to qualifying households as set forth in
20 Section 313.5. All of the requirements of Sections 313.5 and 313.6 shall apply, including the
21 requirements with respect to the timing of issuance of site and building permits and
22 certificates of occupancy for the ((office)) development project and payment of the in-lieu fee.

23
24 **SEC. 313.8. TRANSFER OF HOUSING CREDITS.** (a) In determining whether a
25 sponsor is in compliance with this ordinance, the Director of Planning or the Commission shall

1 credit against all or part of a housing requirement for any sponsor of any ((office))
2 development project credits, which shall be denominated "excess Interim Guidelines credits,"
3 obtained by the sponsor which:

4 (1) Have received final approval under the Interim Guidelines as of August 18,
5 1985, but which have not been applied to a((n office)) development project because the
6 ((office)) development project has not been approved by the Director of Planning or the
7 Commission or which are in excess of those credits required to satisfy the housing
8 requirement under the Interim Guidelines; or

9 (2) Have received preliminary approval prior to August 18, 1985, received final
0 approval within six months of August 18, 1985, and are in excess of those credits required to
1 satisfy the housing requirement under the Interim Guidelines or this ordinance. This six-
2 month period may be extended for a maximum of two six-month periods where, based upon
3 evidence submitted by the sponsor, the Director of Planning or Planning Commission
4 determine within six months of August 18, 1985, or within a six-month extension, that (1) there
5 is good cause for an extension or an additional extension, (2) the failure to obtain final
6 approval of credits is beyond the sponsor's immediate control, and (3) the sponsor has made
7 a reasonable effort to obtain final approval of credits.

8 Excess Interim Guideline credits may be applied against a sponsor's housing
9 requirement under this ordinance on the basis of two and three tenths (2.3) excess Interim
0 Guideline credits against one housing unit required to be provided under Section 313.5.
1 Excess Interim Guideline Credits may be applied against a sponsor's housing requirement
2 under this ordinance only for those projects obtaining project authorizations as defined in
3 Planning Code Section 320(h) on or before February 28, 1999 ((in the approval period ending
4 within 34 months following the effective date of this ordinance)). No excess Interim Guideline
5

1 Credits may be applied against a sponsor's housing requirement for any project authorization
2 issued after that date.

3 (b) In making their determination as to whether a sponsor's housing development
4 plan complies with Sections 313.5, 313.6, and 313.7, the Director of Planning or the
5 Commission shall credit to the sponsor any housing units constructed or in-lieu fee paid in
6 excess of that required to satisfy the housing unit requirement under this ordinance, which
7 shall be denominated "excess credits." The Director of Planning or the Commission shall
8 permit the transfer of any excess credits received under this ordinance to be applied to satisfy
9 all or part of a housing requirement for any other ((office)) development project that is subject
10 to the provisions of this ordinance. Each excess credit shall be equivalent to one housing unit
11 as computed under Section 313.5((, or a payment of \$18,264.25 if the sponsor elects to pay a
12 sum to a housing developer under Section 313.5 or an in-lieu fee under Section 313.6. The
13 sum of \$18,264.25 shall be revised effective January 1st of each year concurrently and in
14 accordance with the same procedures used for the revision of the in-lieu fee in Section
15 313.6)). Excess credits may be obtained only under Section 313.11 or if:

16 (1) They have been obtained after the commencement of construction of housing in
17 compliance with all of the requirements of Section 313.5, the payment of a sum or contribution
18 of land to one or more housing developers in compliance with all of the requirements of
19 Section 313.5, or payment of an in-lieu fee to the Controller in compliance with all of the
20 requirements of Section 313.6 or a combination of the above under Section 313.7.
21 Compliance with these sections requires construction of the total number of housing units
22 required, the percentage of such units which must be affordable to qualifying households, and
23 the establishment of a mechanism approved by the Director of Planning to enforce the
24 requirement that ((62 percent of)) the units constructed will be affordable for 50 years to
25 qualifying households; and

1 (2) The excess credits result from either:

2 (A) Abandonment of the ((office)) development project that received approval by the
3 Commission as evidenced by cancellation of the site or building permit or the site or building
4 permit application; or

5 (B) A decrease in the net addition of gross square feet of ((office space)) each type
6 of space subject to this ordinance as a result of Commission, Board of ((Permit)) Appeals,
7 Board of Supervisors, or court action^{*} taken after:

8 (i) The amount of such net addition of gross square feet of each type of space
9 subject to this ordinance has been determined by the Commission under Section 313.4; and

0 (ii) The sponsor has paid a sum to one or more housing developers and
1 construction of the housing units has commenced under Section 313.5, or the sponsor has
2 paid an in-lieu fee under Section 313.6, or a combination of the above under Section 313.7.

3 Excess credits may be applied against a sponsor's housing requirement under this
4 ordinance only for those applications for a building or site permit filed within three years of the
5 date on which the excess credits are issued. The date on which such excess credits are
6 issued shall be the earlier of the sponsor's abandonment of the ((office)) development project
7 under which the credits were obtained as evidenced by the cancellation of the site or building
8 permit or the site or building permit application, the commencement of construction of each of
9 the housing units under Section 313.5, or the payment of the in-lieu fee under Section 313.6
10 with respect to such credits. No excess credits may be applied against a sponsor's housing
11 requirement for any application for a building or site permit filed after that date.

12 (c) If the number of excess credits or excess Interim Guidelines credits held by a
13 sponsor is not sufficient to satisfy the entire housing requirement of that sponsor's ((office))
14 development project subject to the provisions of this ordinance, including, but not limited to
15 the requirement that a percentage of the housing units must be affordable to qualifying

1 households, then the balance of the housing requirement shall be satisfied in accordance with
2 the provisions of this ordinance, including the requirement set forth in Section 313.5 that ((62
3 percent of)) the units constructed must be affordable to qualifying households.

4 (d) Excess credits and excess Interim Guideline credits may be transferred from
5 one sponsor to another only if:

6 (1) The Director of Planning has been notified in writing of the proposed transfer of
7 the credits;

8 (2) The Director of Planning has determined that the transfer or sponsor has
9 obtained the credits through meeting the requirements of either ((Part)) subsection (a) or (b)
10 of this Section; and

11 (3) The transfer is made in writing, a true copy of which is provided to the Director of
12 Planning.

13 (e) The City makes no warranties that any excess credits or excess Interim
14 Guidelines credits will be marketable during the period in which this ordinance is in effect or
15 thereafter. The City makes no warranties that an applicant possessing excess credits or
16 excess Interim Guidelines credits is entitled to Commission approval of a((n office))
17 development project subject to this ordinance.

18
19 **SEC. 313.9. LIEN PROCEEDINGS.** (a) A sponsor's failure to comply with the
20 requirements of Sections 313.5, 313.6 and 313.7 shall constitute cause for the City to record a
21 special assessment lien against the ((office)) development project in the sum of ((\$18,264.25
22 for each housing unit)) the in-lieu fee required under this ordinance, as adjusted under Section
23 313.6. ((The amount of the lien per unit shall be revised annually according to the formula in
24 Section 313.6.))
25

(b) The Director of Planning shall initiate proceedings to impose the special assessment lien by preparing a preliminary report notifying the sponsor of a special assessment hearing to confirm such report by the Board of Supervisors at least 10 days before the date of the hearing. The report to the sponsor shall contain the sponsor's name, a description of the sponsor's ((office)) development project, a description of the parcels of real property to be encumbered as set forth in the Assessor's Map Books for the current year, a description of the alleged violation of this ordinance, and shall fix a time, date, and place for hearing. The Director of Planning shall cause this report to be mailed to each owner of record of the parcels of real property to be assessed.

(c) At the hearing fixed for consideration of the report, the Board of Supervisors shall hear the report with any objections of the owners of the parcels liable to be assessed. The Board of Supervisors may make such revisions, corrections or modifications of the report as it may deem just. In the event that the Board of Supervisors is satisfied with the correctness of the report as submitted or as revised, corrected or modified, it shall ((be)) confirm((ed)) it as a final report. Any delinquent account may be removed from the report by payment in full at any time prior to confirmation of a final report. The Director of Planning shall cause the confirmed report to be verified in form sufficient to meet recording requirements.

(d) Upon confirmation of the report by the Board of Supervisors, the delinquent charges contained therein shall constitute a special assessment against the parcel or parcels used in the ((office)) development project. Each such assessment shall be subordinate to all existing special assessment liens previously imposed upon such parcels and paramount to all other liens except those for State, County, and municipal taxes with which it shall be upon parity. The lien shall continue until the assessment and all interest due and payable thereon are paid to the Tax Collector of the City. All laws applicable to the levy, collection, and enforcement of municipal taxes shall be applicable to said special assessment.

1 (e) The Director of Planning shall cause the confirmed and verified report to be
2 recorded in the County Recorder's Office and the special assessment lien on each parcel of
3 property described in said report shall carry additional charges for administrative expenses of
4 \$50 or 10 percent of the amount of the unpaid balance, whichever is greater, plus interest at a
5 rate of 1-½ percent per full month compounded monthly from the date of the recordation of the
6 lien on all charges due.

7 (f) The Director of Planning shall file a certified copy of each confirmed final report
8 with the Controller and Tax Collector within 10 days after confirmation of the report,
9 whereupon it shall be the duty of said officers to add the amount of said assessment to the
10 next regular bill for taxes levied against said parcel or parcels of land for municipal purposes,
11 and thereafter said amount shall be collected at the same time and in the same manner as the
12 City ((and County of San Francisco))'s taxes are collected, and shall be subject to the same
13 procedure under foreclosure and sale in case of delinquency as provided for property taxes of
14 the City ((and County of San Francisco)). Except for the release of lien recording fee
15 authorized below, all sums collected by the Tax Collector pursuant to this ordinance shall be
16 held in trust by the Treasurer and deposited in the Citywide Affordable Housing Fund
17 established in Section 313.12.

18 (g) On payment to the Tax Collector of the special assessment, the Tax Collector
19 shall cause to be recorded a release of lien with the County Recorder, and from the sum
20 collected pursuant to ((Part)) subsection (a) of this Section, shall pay to the county recorder a
21 recording fee of ((\$6.00)) \$11.00.

22 (h) Any notice required to be given to a sponsor or owner shall be sufficiently given
23 or served upon the sponsor or owner for all purposes hereunder if personally served upon the
24 sponsor or owner or if deposited, postage prepaid, in a post office letterbox addressed in the
25 name of the sponsor or owner at the official address of the sponsor or owner maintained by

the Tax Collector for the mailing of tax bills or, if no such address is available, to the sponsor at the address of the ((office)) development project.

SEC. 313.10. IN-LIEU FEE REFUND WHEN BUILDING PERMIT EXPIRES PRIOR TO COMPLETION OF WORK AND COMMENCEMENT OF OCCUPANCY. In the event a building permit expires prior to completion of the work on and commencement of occupancy of a((n office)) development project so that it will be necessary to obtain a new permit to carry out any development, the obligation to comply with this ordinance shall be cancelled, and any in-lieu fee previously paid to the Controller shall be refunded. If and when the sponsor applies for a new permit, the procedures set forth in this ordinance regarding construction of housing or payment of the in-lieu fee shall be followed.

SEC. 313.11. ONE-TIME FEE PAYMENT. In the event that a((n office)) development project for which housing units have been constructed or an in-lieu fee has been fully paid is demolished or converted to ((non-office)) a use or uses not subject to this ordinance prior to the expiration of its estimated useful life, the City shall (((1))) either grant to the sponsor excess credits transferable under Section 313.8 for a portion of any housing units actually constructed and for which a certificate of occupancy has been issued, or (((2))) refund to the sponsor a portion of the amount of an in-lieu fee paid. The portion of excess credits granted or the fee refunded shall be determined on a pro rata basis according to the ratio of the remaining useful life of the project at the time of demolition or conversion in relation to its total useful life. For purposes of this ordinance, the useful life of a((n office)) development project shall be 50 years.

1 **SEC. 313.12. CITYWIDE AFFORDABLE HOUSING FUND.** All monies contributed
2 pursuant to Sections 313.6 or 313.7 or assessed pursuant to Section 313.9 shall be deposited
3 in the special fund maintained by the Controller called the Citywide Affordable Housing Fund
4 ("Fund"). The receipts in the Fund are hereby appropriated in accordance with law to be used
5 solely to increase the supply of housing affordable to qualifying households subject to the
6 conditions of this Section. The Fund shall be administered and expended by the Director of
7 Planning, who shall have the authority to prescribe rules and regulations governing the Fund
8 which are consistent with this ordinance. No portion of the Fund may be used, by way of loan
9 or otherwise, to pay any administrative, general overhead, or similar expense of any entity,
10 except that ((\$100,000)) \$10,000 from the Fund shall be allocated by the Director within six
11 months following the effective date of this ordinance to ((update the Recht Hausrath report
12 dated July 1984 and the Department of City Planning report dated November 1994 referred to
13 in Section 313.2 to show the relationship between office and other commercial development
14 and housing demand)) pay consultants for conducting research necessary to support the
15 "Jobs Housing Nexus Analysis," prepared by Keyser Marston Associates, Inc., and dated
16 June 1997.

17
18 **SEC. 313.13. DIRECTOR OF PLANNING'S EVALUATION.** Within 18 months
19 following the effective date of this ordinance, the Director of Planning shall report to the
20 Commission, the Board of Supervisors, and the Mayor ((the results of the study to be financed
21 by \$100,000 from the Affordable Housing Fund as set forth in Section 313.12 and recommend
22 whether the Office Affordable Housing Production Program Ordinance should be amended.
23 The Director shall also report on an annual basis)) on the current supply and demand of
24 affordable housing in the City, the status of compliance with this ordinance, and the efficacy of
25 this ordinance in mitigating the City's shortage of affordable housing available to employees

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SUPERVISOR _____
BOARD OF SUPERVISORS

working in ((office)) development projects subject to this ordinance. Thereafter, if in the discretion of the Director of Planning there has been a substantial change in the San Francisco and/or regional economies since the effective date of this ordinance, the Director of Planning may recommend to the Commission, the Board of Supervisors, and the Mayor that this ordinance be amended or rescinded to alleviate any undue burden on commercial development in the City that the ordinance may impose.

SEC. 313.14. PARTIAL INVALIDITY AND SEVERABILITY. If any provision of this ordinance, or its application to any ((office)) development project or to any geographical area of the City, is held invalid, the remainder of the ordinance, or the application of such provision to other ((office)) development projects or to any other geographical areas of the City, shall not be affected thereby.

Section 2. Chapter II, Article III of the San Francisco Planning Code is hereby amended by adding Section 313.15 to read as follows:

SEC. 313.15. SUNSET CLAUSE. The provisions of this ordinance shall expire four years from the effective date of this ordinance.

Section 3. Chapter II, Article III of the San Francisco Planning Code is hereby amended by amending Section 314.1 to read as follows:

SEC. 314.1. DEFINITIONS. The following definitions shall govern interpretation of this Section:

§

1 (a) "Child-care facility" shall mean a child day-care facility as defined in California
2 Health and Safety Code Section 1596.750.

3 (b) "Child care provider" shall mean a provider as defined in California Health and
4 Safety Code Section 1596.791.

5 (c) "Commission" shall mean the ((City)) Planning Commission.

6 (d) "Department" shall mean the Department of ((City)) Planning.

7 (e) "Director of Planning" shall mean the Director of ((City)) the Planning
8 Department or his or her designee, including other City agencies or departments.

9 (f) "First certificate of occupancy" shall mean either a temporary certificate of
10 occupancy or a Certificate of Final Completion and Occupancy, as defined in San Francisco
11 Building Code Section 307, whichever is issued first.

12 (g) "Hotel" shall mean a building containing ((six or more guest rooms as defined in
13 San Francisco Housing Code Section 203.7 intended or designed to be used, or which are
14 used, rented, or hired out to be occupied, or which are occupied for sleeping purposes and
15 dwelling purposes by guests, whether rent is paid in money, goods, or services, including
16 motels as defined in San Francisco Housing Code Section 203.13)) rooms, or suites of two or
17 more rooms, each of which may or may not feature a bathroom and cooking facility or
18 kitchenette and is intended or primarily suitable to be occupied by a visitor or visitors to the
19 City who pay for accommodations on a daily or weekly basis but who do not remain for more
20 than 31 consecutive days.

21 (h) "Hotel use" shall mean space within a structure or portion thereof intended or
22 primarily suitable for the operation of a hotel, including all office and other uses accessory to
23 the renting of guest rooms, but excluding retail uses and office uses not accessory to the hotel
24 use.

1 (i) "Household of low income" shall mean a household composed of one or more
2 persons with a combined annual net income for all adult members which does not exceed the
3 qualifying limit for a lower-income family of a size equivalent to the number of persons
4 residing in such household, as set forth for the County of San Francisco in California
5 Administrative Code Section 6932.

6 (j) "Household of moderate income" shall mean a household composed of one or
7 more persons with a combined annual net income for all adult members which does not
8 exceed the qualifying limit for a median-income family of a size equivalent to the number of
9 persons residing in such household, as set forth for the County of San Francisco in California
0 Administrative Code Section 6932.

1 (k) "Licensed child-care facility" shall mean a child-care facility which has been
2 issued a valid license by the California Department of Social Services pursuant to California
3 Health and Safety Code Sections 1596.80 — 1596.875, 1596.95 — 1597.09, or 1597.30 —
4 1597.61.

5 (l) "Net addition of gross square feet of hotel space" shall mean gross floor area as
6 defined in Planning Code Section 102.8 to be occupied by, or primarily serving, hotel use, less
7 the gross floor area in any structure demolished or rehabilitated as part of the proposed hotel
8 development project space used primarily and continuously for office or hotel use and not
9 accessory to any use other than office or hotel use for five years prior to Planning
0 Commission approval of the hotel development project subject to this Section, or for the life of
1 the structure demolished or rehabilitated, whichever is shorter.

2 (m) "Net addition of gross square feet of office space" shall mean gross floor area as
3 defined in Planning Code Section 102.8 to be occupied by, or primarily serving, office use,
4 less the gross floor area in any structure demolished or rehabilitated as part of the proposed
5 office development project space used primarily and continuously for office or hotel use and

1 not accessory to any use other than office or hotel use for five years prior to Planning
2 Commission approval of the office development project subject to this Section, or for the life of
3 the structure demolished or rehabilitated, whichever is shorter.

4 (n) "Nonprofit child-care provider" shall mean a child-care provider that is an
5 organization organized and operated for nonprofit purposes within the provisions of California
6 Revenue and Taxation Code Sections 23701 — 23710, inclusive, as demonstrated by a
7 written determination from the California Franchise Tax Board exempting the organization
8 from taxes under Revenue and Taxation Code Section 23701.

9 (o) "Office development project" shall mean any new construction, addition,
10 extension, conversion or enlargement, or combination thereof, of an existing structure which
11 includes any gross square feet of office space.

12 (p) "Office use" shall mean space within a structure or portion thereof intended or
13 primarily suitable for occupancy by persons or entities which perform, provide for their own
14 benefit, or provide to others at that location services including, but not limited to, the following:
15 ((P))professional, banking, insurance, management, consulting, technical, sales and design,
16 or the office functions of manufacturing and warehousing businesses, but excluding retail
17 uses; repair; any business characterized by the physical transfer of tangible goods to
18 customers on the premises; wholesale shipping, receiving and storage; design showcases or
19 any other space intended and primarily suitable for display of goods; and child-care facilities.
20 This definition shall include all uses encompassed within the meaning of Planning Code
21 Section 219.

22 (q) "Retail use" shall mean space within any structure or portion thereof intended or
23 primarily suitable for occupancy by persons or entities which supply commodities to
24 customers on the premises including, but not limited to, stores, shops, restaurants, bars,

1 eating and drinking businesses, and the uses defined in Planning Code Sections 218 and 220
2 through 225, and also including all space accessory to such retail use.

3 (r) "Sponsor" shall mean an applicant seeking approval for construction of an office
4 or hotel development project subject to this Section and such applicant's successors and
5 assigns.

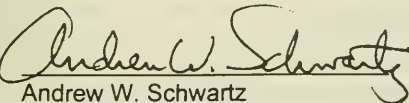
6 (s) "Superintendent" shall mean the Superintendent, Bureau of Building Inspection.
7

8 APPROVED AS TO FORM:

RECOMMENDED:


9 LOUISE H. RENNE, City Attorney

10
11
12 By:



Andrew W. Schwartz
Deputy City Attorney

By:



Gerald G. Green
Director of Planning

LEGISLATIVE DIGEST

AMENDING ARTICLE III, CHAPTER II, PART II OF THE SAN FRANCISCO MUNICIPAL CODE (PLANNING CODE) BY AMENDING SECTIONS 313.1, 313.2, 313.3, 313.4, 313.5, 313.6, 313.7, 313.8, 313.9, 313.10, 313.11, 313.12, 313.13, AND 313.14, AND BY ADDING SECTION 313.15, TO RENAME THE "OFFICE AFFORDABLE HOUSING PRODUCTION PROGRAM" AS THE "JOBS-HOUSING LINKAGE PROGRAM," TO APPLY THE PROGRAM TO ALL NEW AND EXPANDED HOTEL SPACE OF AT LEAST 25,000 SQUARE FEET, AND TO ALL NEW AND EXPANDED RETAIL SPACE OF AT LEAST 100,000 SQUARE FEET, AND BY AMENDING SECTION 314.1 OF THE CHILDCARE ORDINANCE TO CONFORM TO THE NEW DEFINITION OF "HOTEL."

In 1985, after a study found that large-scale office development attracted additional employees to the City and increased the demand for housing, the City enacted the Office Affordable Housing Production Program (OAHPP) (Planning Code §§ 313.1-313.14). The OAHPP required office developers to pay a fee of \$5.34 per new square foot of office space to the Citywide Affordable Housing Fund (CAHF) or an equal amount to a housing developer to construct new housing units, 62% of which must be affordable.

A 1997 study by Keyser Marston Associates demonstrated that other commercial uses similarly created demand for housing. This legislation expands the OAHPP, renamed the Jobs-Housing Linkage Program (JHLP), to additional commercial uses, including retail, entertainment, and hotel development projects. The fees and the amount of housing in the JHLP have been set far below the amounts justified by project impacts described in the Keyser Marston study. The JHLP would remain in effect for four years.

This legislation further modifies the imposition of impact fees on commercial development, as follows:

1. Section 313.1(15) defines "entertainment use" as nighttime entertainment, movie theaters, adult theaters, amusement game arcades, and any other entertainment uses defined in the Planning Code.

2. Section 313.1(40) keeps the definition of "retail use" as any space intended for supplying commodities to customers, including, but not limited to, stores, shops,

restaurants, bars, eating and drinking businesses, and other uses defined as retail in the Planning Code, as well as all spaces accessory to such retail use.

3. Section 313.3 applies this ordinance to all development projects that applied for environmental evaluation on or after January 1, 1999. It excludes the Mission Bay Project and development projects on government property and any Port and Redevelopment Agency property exempted by law from local land use controls. It further sets the threshold for the imposition of impact fees as follows:

- 50,000 square feet of new entertainment development;
- 25,000 square feet of new hotel development;
- 25,000 square feet of new office development; and
- 100,000 square feet of new retail development.

4. Section 313.4 gives the commercial developer the option to comply with this ordinance by paying an in-lieu fee to the CAHF, by contributing money or land of value equivalent to the in-lieu fee to a housing developer to construct housing units, or through a combination of these two options.

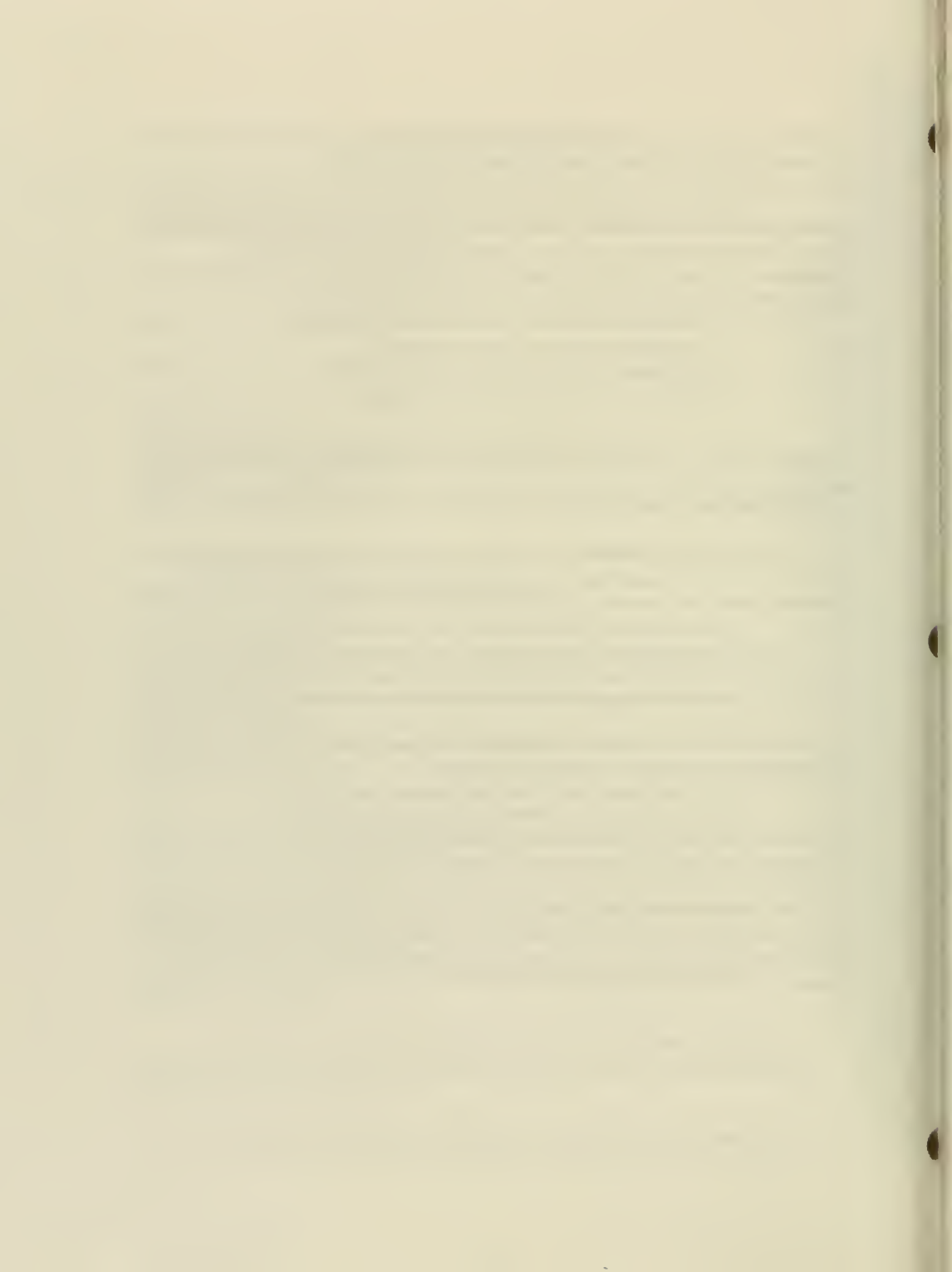
5. Section 313.5 allows the commercial developer to comply by contributing money or land of value equivalent to a housing developer to construct at least the following number housing units, of which 100% are to be affordable:

- 14 units for each 100,000 square feet of new entertainment development;
- 11 units for each 100,000 square feet of new hotel development;
- 16.1 units for each 100,000 square feet of new office development; and
- 14 units for each 100,000 square feet of new retail development.

6. Section 313.6 allows the commercial developer to comply through payment of an in-lieu fee to the CAHF in the following amounts:

- \$5.29 per square foot of new entertainment development;
- \$4.25 per square foot of new hotel development;
- \$7.05 per square foot of new office development; and
- \$5.29 per square foot of new retail development.

7. Section 313.13 provides that 18 months after the ordinance becomes effective, the Director of Planning may recommend that the JHLP be amended or rescinded to alleviate any undue burden on commercial development imposed by the program due to changes in the City and/or regional economies.



Memo to the Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

Items 2 and 3 – Files 99-1307 and 99-1304

Note: These items were continued by the Finance and Labor Committee at its meeting of February 2, 1999.

Departments: Department of Building Inspection (DBI)
Mayor's Office of Housing
Planning Department

Items: File 99-1307

Resolution adopting the final negative declaration that the Jobs-Housing Linkage Program will have no significant impact on the environment, and adopting and incorporating the findings of the final negative declaration.

File 99-1304

Ordinance amending Article III, Chapter II, Part II of the Planning Code by amending Sections 313 and 313.1 to 313.14, and by adding Section 313.15, to rename the "Office Affordable Housing Production Program" as the "Jobs-Housing Linkage Program" and to apply that program to large-scale hotel, entertainment, and retail developments, and by amending Section 314.1 of the Childcare Ordinance to conform to the new definition of "hotel".

Description: By attracting additional employees to the City, large-scale commercial developments increase the demand for affordable housing, according to Ms. Catherine Bauman of the Planning Department. Therefore, the City currently requires the developers of office developments which exceed 25,000 square feet to mitigate those developments' impact on the demand for affordable housing in one of three ways. The office developers can either (a) build affordable housing units¹ which are to remain affordable for 50 years, (b) pay an in-lieu fee to the Citywide Affordable Housing Fund based on a current rate of \$7.05 per square foot of new office space, or (c) pay the same

¹ "Affordable housing units" refer to residential dwellings in housing projects which may have one, two, three, or four bedrooms.

Memo to the Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

amount to housing developers to build affordable housing units on their behalf.

The ordinance as amended (File 99-1304) would:

- Expand the coverage of the Jobs-Housing Linkage Program from office development projects of at least 25,000 square feet to also include other large-scale commercial development projects, which are defined as (a) all new and expanded hotel space of at least 25,000 square feet, (b) all new and expanded entertainment space of at least 50,000 square feet, and (c) all new and expanded retail space of at least 100,000 square feet.
- Permit a commercial property developer to contribute land for affordable housing developments in lieu of the other mitigation payment options. The amount of land contributed would be determined by its value, which must be commensurate with the value of the other mitigation payment options.

The proposed final negative declaration (File 99-1307) was prepared by the Planning Department following public review of the preliminary negative declaration it issued on April 3, 1999. The Planning Department found that there was no substantial evidence that the Jobs-Housing Linkage Program would have a significant effect on the environment.

Comments:

1. The subject ordinance as amended would only apply to individual commercial property developments which exceed the following thresholds: (a) 25,000 square feet for office developments, (b) 25,000 square feet for hotel developments, (c) 50,000 square feet for entertainment developments, and (d) 100,000 square feet for retail developments. The subject ordinance does not apply to individual commercial property developments which occupy less space, according to Ms. Bauman.

2. According to Mr. Andrew Schwartz of the City Attorney's Office, the developer of a commercial property which exceeded the square footage thresholds listed above could comply with the ordinance as amended by either (a) constructing themselves, or (b) contributing money, or land of equivalent value, to a developer to construct on

their behalf, at least the following number of affordable housing units which are to remain affordable for 50 years:

- 11 affordable housing units for each 100,000 square feet of new hotel development;
- 14 affordable housing units for each 100,000 square feet of new entertainment development;
- 14 affordable housing units for each 100,000 square feet of new retail development; and
- 16.1 affordable housing units for 100,000 square feet of new office development.

3. Mr. Schwartz further states that a developer of a commercial property which exceeded the square footage thresholds could alternatively comply with the ordinance as amended through payment of an in-lieu fee to the Citywide Affordable Housing Fund which is administered by the Planning Department. The amount of the in-lieu fee, which would be subject to annual review², would be based on:

- \$4.25 per square foot of new hotel development;
- \$5.29 per square foot of new entertainment development;
- \$5.29 per square foot of new retail development; and
- \$7.05 per square foot of new office development.

4. According to Ms. Bauman, most office developers currently choose to pay the in-lieu fee rather than build the required number of affordable housing units themselves or contract with a developer to build the required affordable housing units on their behalf. The in-lieu fee revenue is held in the Citywide Affordable Housing Fund administered by the Planning Department which provides loans to affordable housing developers, subject to the approval of the Director of Planning, according to Mr. Joe LaTorre of the Mayor's Office of Housing. Mr. LaTorre states that the Mayor's Office of Housing makes recommendations to the Director of Planning as to which proposed affordable housing

² Effective January 1 of each year, the in-lieu fee formula would be automatically revised by the percentage increase or decrease in the Average Area Purchase Price Safe Harbor Limitations for New Single-Family Residences for the San Francisco Primary Metropolitan Statistical Area (PMSA), prepared by the Internal Revenue Service.

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developments are in conformity with the subject legislation and the City's overall goals for housing development and which, therefore, are eligible to receive development loans from the Citywide Affordable Housing Fund and other funding sources. There is no stipulated maximum amount for development loans from the Citywide Affordable Housing Fund, according to Mr. LaTorre.

5. As stated above, developers of office developments which exceed 25,000 square feet currently have three options to mitigate the impact of their developments on affordable housing. They can either (a) build affordable housing units which are to remain affordable for 50 years, (b) pay an in-lieu fee to the Citywide Affordable Housing Fund based on a current rate of \$7.05 per square foot of new office space, or (c) pay the same amount to housing developers to build affordable housing units on their behalf.

Under the ordinance as amended, the developers of commercial property developments which exceed the square footage thresholds listed in Comment No. 1 above would also be permitted to contribute land for affordable housing developments in lieu of the other mitigation payment options so long as the value of the land is equal to the in-lieu fee formula set out in Comment No. 2 above. Mr. Schwartz advises that valuation and acceptance of land would be subject to the approval of the Planning Department and the Mayor's Office of Housing, as part of their discussions with the commercial property developer and the housing developer. Mr. Schwartz states that the proposed amendments to the subject ordinance do not specify how land values would be determined or by whom.

The Budget Analyst therefore recommends that the proposed amendments to the subject ordinance include, in the case of mitigation payment options which involve developer land contributions, a requirement that land values should be determined by an independent appraisal to be conducted by a qualified property appraiser selected by the City and compensated by the developer.

6. Adoption of the proposed ordinance would result in increased revenues that would accrue to the Citywide Affordable Housing Fund or other benefits such as increased affordable housing units built by developers or increased contributions of land or money to affordable housing developers. As noted previously, most developers of office developments in excess of 25,000 square feet have historically chosen to pay the in-lieu fee rather than build the required number of affordable housing units themselves, or pay a housing developer to do so on their behalf.

The actual revenue benefit to the Citywide Affordable Housing Fund which would result from adoption of this proposed ordinance would depend on the amount of new hotel, entertainment and retail development that would be subject to the new fees. According to Ms. Bauman, the Planning Department projects that for the ten years between 2000 and 2010 there will be (a) 5,492,000 square feet of new hotel development, and (b) 4,012,407 square feet of new entertainment and retail development. The total projected increase in such commercial property would be 9,504,407 square feet.

The table below, based on the projections provided by the Planning Department, shows the potential maximum amount of new revenue that would accrue to the Citywide Affordable Housing Fund if (a) all of the projected square footage is actually constructed, (b) if all of the projected square footage is located in commercial property developments which exceed the square footage thresholds listed in Comment No. 1 above, (c) none of the developments are exempted under the subject ordinance³, and (d) all of the commercial developers choose to pay an in-lieu fee instead of either building affordable housing themselves or contributing money or land of an equivalent value to affordable housing developers.

³ The ordinance currently exempts commercial property developments on land that is owned by Federal or State governments, or under the jurisdiction of the San Francisco Redevelopment Agency or the Port Authority. The ordinance as amended would further exempt Mission Bay redevelopment projects when application of the ordinance as amended would be inconsistent with the Mission Bay North Redevelopment Plan and Interagency Cooperation Agreement or the Mission Bay South Redevelopment Plan and Interagency Cooperation Agreement.

**Potential Maximum New Citywide Affordable Housing Fund Revenue
Based on Planned Commercial Development Activity 2000 - 2010**

Type of Development	No. of Square Feet	In-lieu Fee Per Square Foot of Development ⁴	Total Revenue to Citywide Affordable Housing Fund
Hotel	5,492,000	\$4.25	\$23,341,000
Entertainment/ Retail	<u>4,012,407</u>	\$5.29	<u>21,225,633</u>
Total	9,504,407		\$44,566,633

Should all of the above-listed planned new square footage be constructed as part of commercial property developments which exceed the square footage thresholds of the subject ordinance as amended but do not fall within its permitted exemptions, then the Citywide Affordable Housing Fund would realize additional in-lieu fees in the projected amount of \$44,566,633 over the ten years between 2000 and 2010, or the City would receive equivalent value through construction of affordable housing units or the contribution of money or land to affordable housing developers in an amount equivalent to the value of such affordable housing units.

Ms. Bauman states, however, that the high square footage thresholds specified by the subject ordinance, in combination with the subject ordinance's permitted exemptions, make it highly unlikely that in-lieu fee revenues would be as high as those indicated in the table above. However, if only 50 percent of the projected new development is subject to the in-lieu fee, total revenue to the Citywide Affordable Housing Fund would exceed \$22,000,000 over the next ten years.

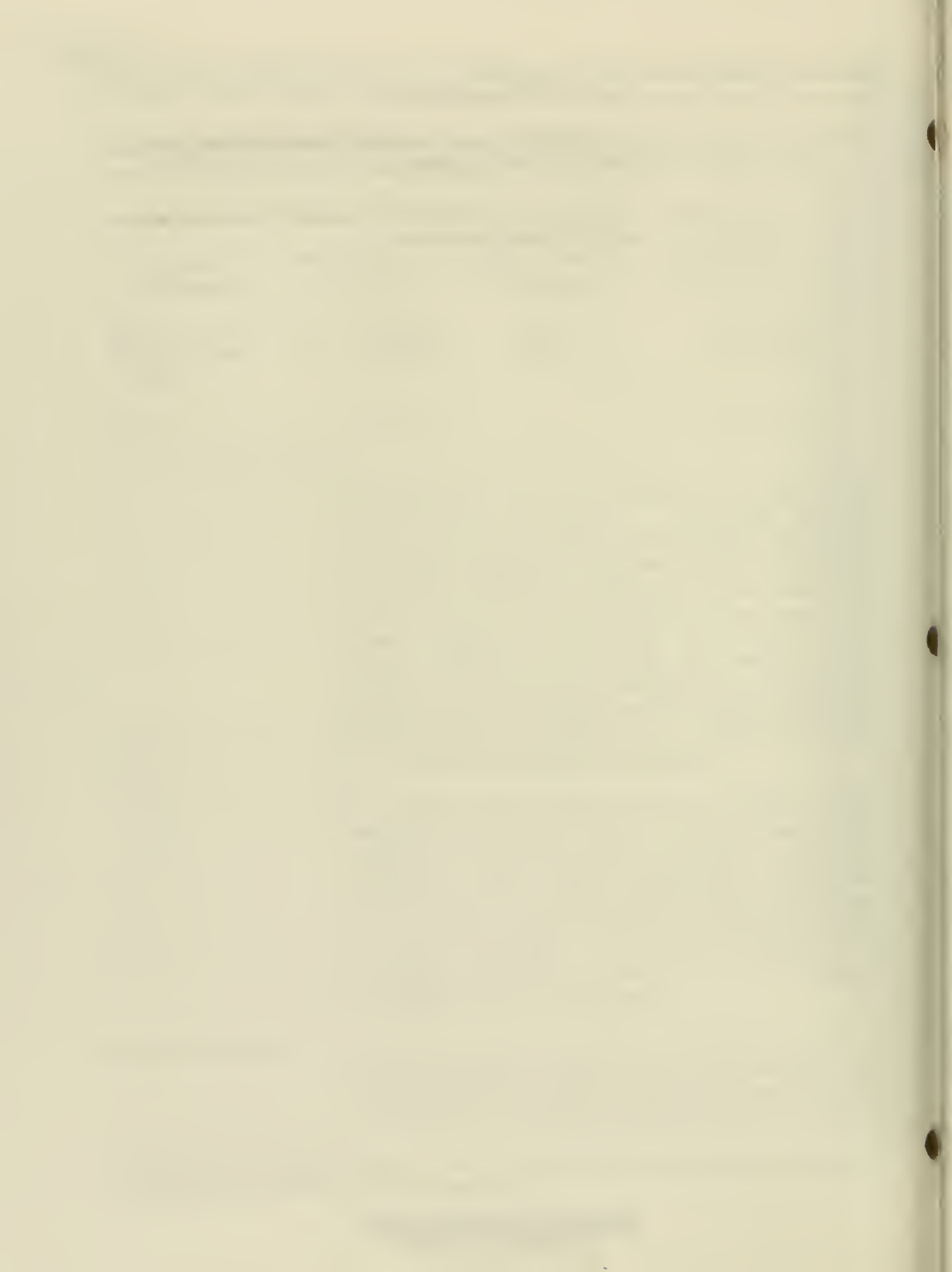
- Recommendations:**
1. Amend the subject ordinance to include, in the case of mitigation payment options which involve developer land contributions, a requirement that land values should be determined by an independent appraisal to be conducted

⁴ The in-lieu fee would only be applied to those commercial property developments which meet the threshold size requirements described in Comment No. 1.

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by a qualified property appraiser selected by the City and compensated by the developer.

2. Approval of this proposed legislation is a policy matter for the Board of Supervisors.



**JOBS HOUSING NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

PREPARED FOR:

**OFFICE OF AFFORDABLE HOUSING PRODUCTION PROGRAM (OAHPP)
CITY AND COUNTY OF SAN FRANCISCO**

PREPARED BY:

**KEYSER MARSTON ASSOCIATES, INC.
GABRIEL ROCHE, INC.**

JULY 1997

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**Jobs Housing Nexus Analysis
City of San Francisco**

Prepared for:

**Office of Affordable Housing Production Program (OAHPP)
City and County of San Francisco**

July 1997

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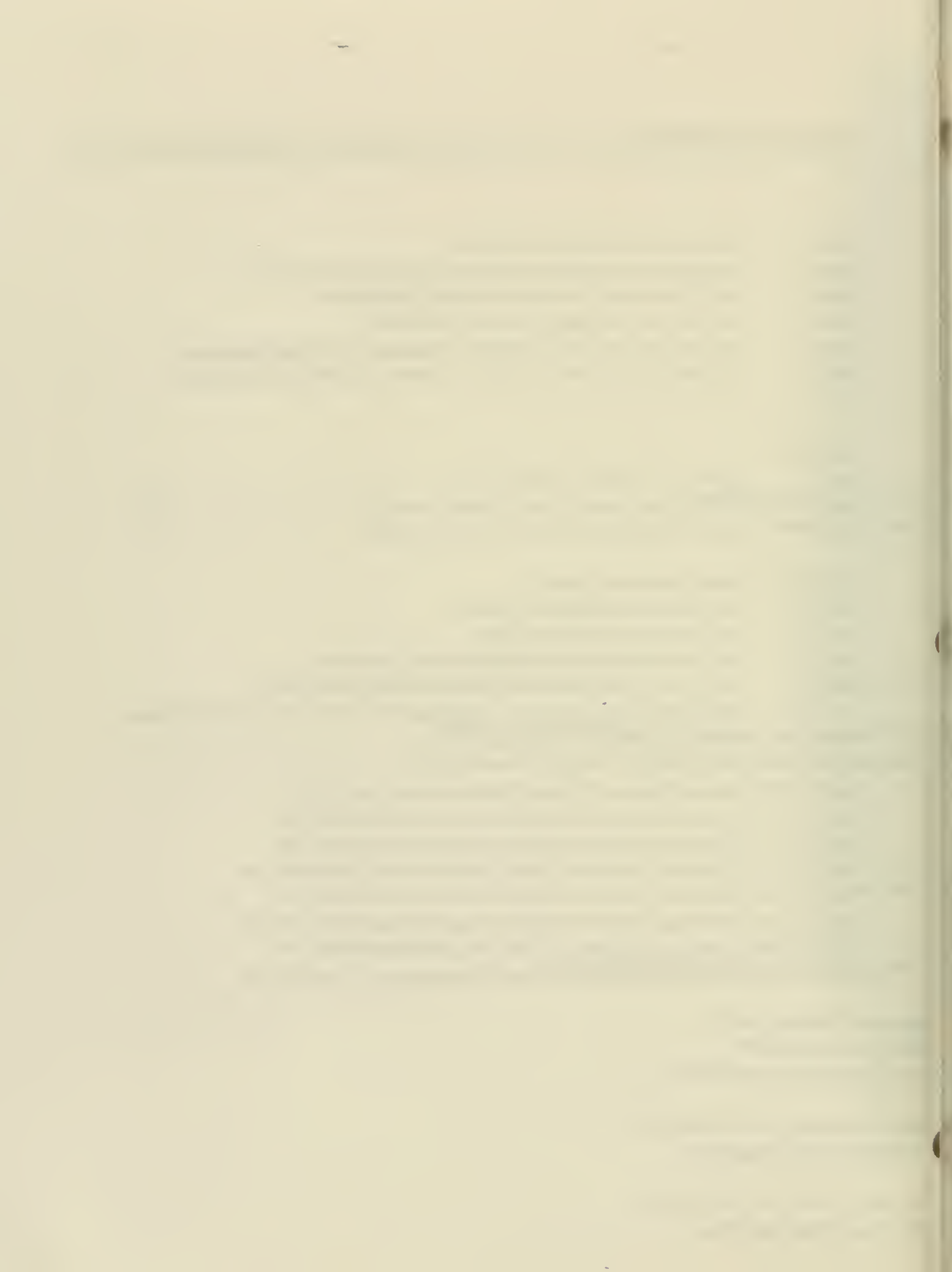
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Table	Historic Employment Growth by Land Use Activity

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Table D.1. 2S	(2 Bedroom) Estimate of Subsidy Requirement per Ownership Unit
Table D.1. 3R	(3 Bedroom) Estimate of Subsidy Requirement per Rental Unit
Table D.1. 3S	(3 Bedroom) Estimate of Subsidy Requirement per Ownership Unit



EXECUTIVE SUMMARY

This report is an economic nexus analysis which establishes the relationships among construction of new buildings, employees, households and affordable housing demand. The report has been prepared for the San Francisco Planning Department's Office Affordable Housing Production Program (OAHPP) for the purposes of updating and possibly expanding the program. The report is a "nexus" analysis to meet the legal requirements for linking new construction of workspace buildings with an obligation for affordable housing.

The analysis of historic construction and employment and housing production in San Francisco demonstrates the relationships among buildings, employees and housing demand. Analysis of housing affordability conditions and projections of employment and housing production confirms that affordable housing will not be produced in sufficient supply to meet the demand generated by new worker households.

The nexus analysis concludes with coefficients expressing the number of housing units by affordability level that are linked to each square foot of building area, by building type. When these housing demand coefficients are multiplied by the affordability gap for each income category, the total housing nexus cost is determined, as follows:

Total Housing Nexus Cost (Per Sq.Ft. Building Area)

	<u>Very Low Income</u>	<u>Low Income</u>	<u>Moderate Income</u>	<u>Total</u>
Office	\$12.19	\$7.86	\$2.62	\$22.67
R&D	7.43	5.89	1.78	15.10
Medical	10.29	7.16	2.40	19.85
Cultural/ Institutional	4.26	3.12	0.95	8.33
Retail	11.52	7.60	2.02	21.14
Hotel	9.47	5.96	1.56	16.99

These costs quantify the total linkage between new workspace buildings and the demand for new affordable housing. These total nexus costs represent the legal ceiling for potential fees: **THE TOTAL NEXUS COSTS ARE NOT RECOMMENDED FEE LEVELS.** An appropriate fee range for San Francisco will be explored in the next phase of the work program.

Conservative Aspects of this Analysis

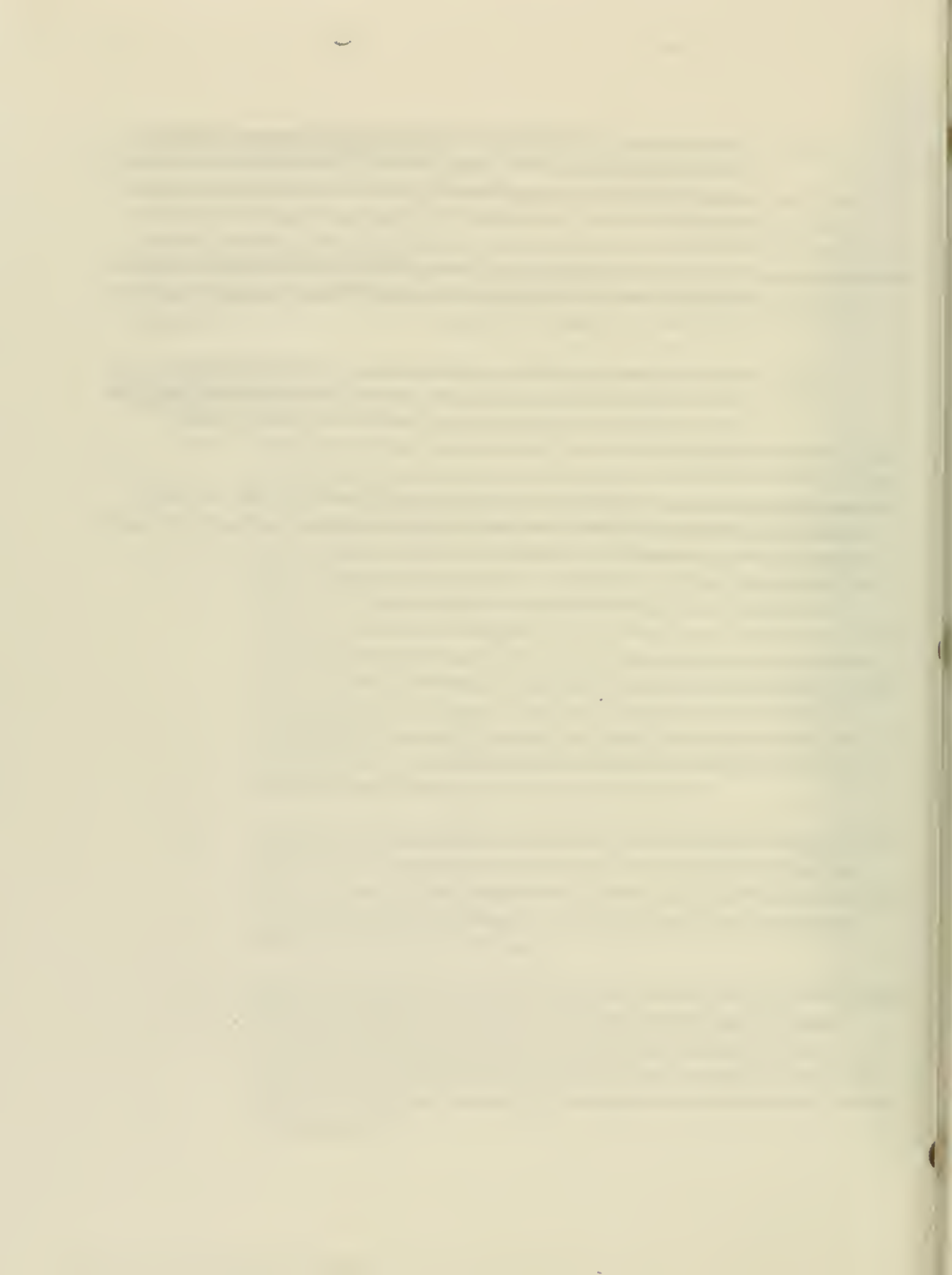
This analysis and report have been prepared for the express and single purpose of supporting an updated jobs housing nexus program for San Francisco. As such, the analysis focuses on the quantifiable linkages among buildings, employees, households, income distribution and housing demand by affordability level. In the preparation of this analysis, there has been a clear intention to use conservative assumptions throughout, even though less conservative relationships might also be supportable.

Following are some of the conservative assumptions of this analysis where less conservative approaches are also viable.

- The demand for new housing resulting from commercial development depends in part on the number of workers drawn to the new development who do not already live in San Francisco. The formula for new housing demand must exclude workers that will commute from outside of San Francisco. The analysis applies the current ratio between workers who live inside and outside San Francisco. This ratio is also the projected relationship used by ABAG — 45% of new workers will live outside San Francisco. This ratio is already a reflection of the high cost of housing in San Francisco. It certainly can be argued that if more housing were available at rents and prices affordable to San Francisco's lower paid workers, then less than 45% would choose to commute from other counties, and the number of workers seeking housing in San Francisco would increase. In fact, there is solid evidence that lowerpaid workers already commute from outside San Francisco less than the average for all workers citywide. As a result, the analysis understates the additional demand for affordable housing created by new commercial development.
- Assumptions for the income of workers drawn to new development are based on the official HUD income statistics for a three county area inclusive of Marin and San Mateo Counties. The Census indicates that incomes in San Francisco are significantly lower than the three county average. As a result, the gaps between income and affordability of housing are understated.
- Only direct employees are counted in the analysis. However, many indirect employees are drawn to each new workplace. For example, in an office building, indirect employees include janitors, window washers, landscape maintenance, delivery personnel, and a whole range of others. These workers also tend to be at the lower end of the earnings range. Accordingly, the analysis understates the demand for new affordable housing.

- The methodology for adjusting worker income into multiple earner households essentially removes most double income household from the lower income strata (by assuming the multiple incomes place the household in the middle and upper income categories.)
- Employment growth in office and other commercial buildings is discounted to adjust for job losses in the industrial sector. However, ABAG and other planners project no further declines in industrial employment.
- A small two person household is used as the average size warranting assistance. As a matter of policy, much housing assistance is directed toward larger households. (The cost of assisting larger households is greater than the cost of assisting smaller households.)

Less conservative assumptions would result in higher jobs housing nexus costs. Also, as a result of these and other conservative aspects of the analysis, this report should be used with caution as a source of information or basis for other policy programs.



INTRODUCTION

The following report is an analysis of the relationship between jobs and housing demand in the City of San Francisco, prepared by Keyser Marston Associates, Inc. for the City and County of San Francisco. The report has been prepared pursuant to Ordinance 120-96, which extended the duration of the Office Affordable Housing Production Program, and authorized an expenditure for studies to update and expand the existing program.

Historic Context

In 1985 the City and County of San Francisco adopted Section 313 of the San Francisco City Planning Code which established the Office Affordable Housing Production Program (OAHHP). This program, which is a generic housing linkage or nexus program, linked the development of office buildings to the demand for affordable housing, by requiring developers to either build affordable housing or pay an in-lieu fee. The relationship between office development and housing requirement was analyzed in the 1984 study by Recht Hausrath & Associates, entitled *Summary of the Economic Basis for an Office Housing Production Program*. The program has been in place continually since its adoption. By 1994, 1,462 housing units have been built by developers as part of the program and \$28 million has been paid in in-lieu contributions to the program. With the fees, the OAHHP program combined with other government financing resources has produced 4,665 units.

The ordinance was amended in 1990 to make a number of adjustments to the program and to extend the program for four years until August 1994. The March '96 ordinance reenacted the program and called for a new economic study to support a new ordinance for an updated and expanded program. This study provides the basis for a new program as required by the ordinance.

The purpose of the study is to update and reanalyze the economic linkages because the original study is now 13 years old, and to insure that the study meets current legal requirements, including AB 1600, which amended the California Code, and several U.S. and California Supreme Court rulings affecting mitigations and fees imposed on development projects. In addition, a purpose of the study is to explore linkages for an expanded and revised program overall.

Updated and Expanded Program Parameters

The original OAHHP program applied only to office projects of 50,000 square feet or more in the downtown area. The 1990 amendment reduced the threshold size to 25,000 square feet, clarified the target income levels, and made certain other adjustments.

The Planning Department's Request for Proposal for a new study specifies additional building types (or "land use activities") to be added to the analysis for consideration in the expanded program. The building types or land use activities addressed in this analysis include:

- - Office
- Retail and Entertainment
- Hotel
- Medical Related
- Cultural and Institutional
- Research and Development (R&D)

The original 1984 study focused on the downtown area. This nexus analysis addresses the jobs housing relationships in the City overall without specific reference to the downtown. Other features of the earlier ordinances are subject to reevaluation as part of this update program as well.

Report Organization

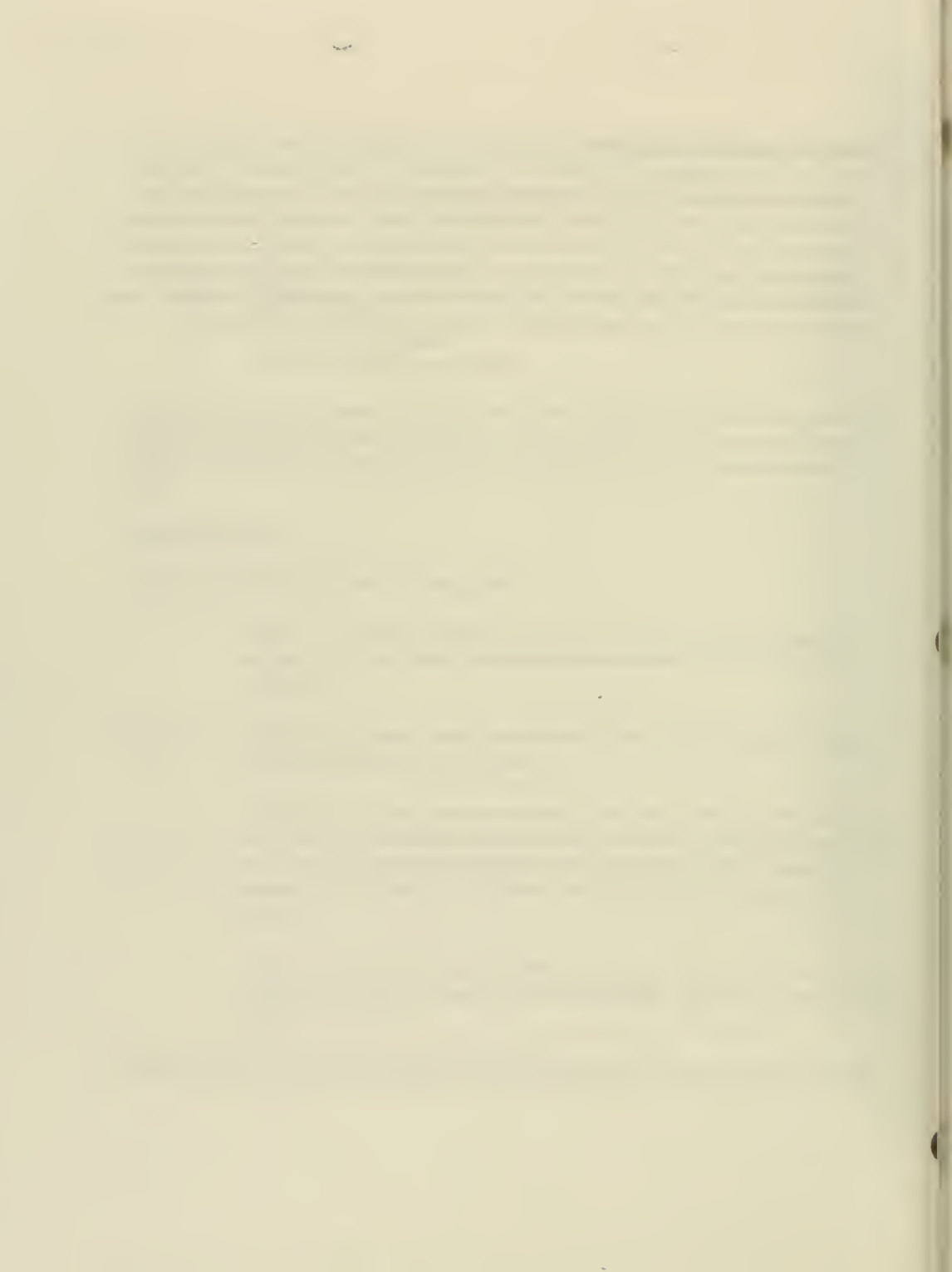
The report is organized into four sections as follows:

- *Section I* - presents a summary discussion of the nexus concept, the legal basis, and some of the key issues surrounding nexus analysis for jobs and housing relationships.
- *Section II* - is a macro economic evaluation of jobs and housing growth in San Francisco, both historic and projected.
- *Section III* - is a micro economic analysis of the jobs and housing relationships associated with individual prototype buildings for the six building types now under consideration. The section concludes with a determination of the number of moderate, low and very low income households associated with each type of building.
- *Section IV* - summarizes the affordability gap analysis and the dollar cost of the delivering affordable housing to each type of building. This is the "Total Linkage Cost."

Appendices contain additional information on data sources and assumption used in the analysis.

Data Sources and Qualifications

The analyses in this report have been prepared using the best and most recent data available. Local data, such as the City's Citywide Travel Behavior Study, was utilized wherever possible. Other sources such as the U. S. Census and the State of California Employment Development Department publications were used extensively. While we believe all the sources of data are sufficiently accurate for the purposes of this analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these other sources.



SECTION I: THE NEXUS CONCEPT AND MAJOR ISSUES

Introduction

This section outlines the nexus concept and some of the key issues surrounding the placement of a burden on non-residential construction to increase the supply of affordable housing in San Francisco. The jobs housing nexus program has been in effect in San Francisco since 1985. This nexus analysis provides the economic justification for continuing the program which requires developers of major office projects to either construct affordable housing or contribute to a fund administered by the Mayor's Office of Housing which assists in the development of affordable housing. In addition, this nexus analysis addresses the following other types of buildings or land use activities:

- Retail
- Entertainment
- Hotel
- Research and Development
- Medical Related
- Cultural and Institutional

The affordable housing program in San Francisco has sought to meet the housing needs of households at the moderate income level (up to 120% of median income), and all the categories of household income at less than median. Housing in San Francisco is so expensive that even moderate income households cannot afford the majority of housing available in the City.

The nexus analysis and discussion focuses on the relationships among development, growth, employment, income and demand for housing. The analysis yields a causal connection between new construction of these building types and the need for additional affordable housing, a connection that is quantified both in terms of number of units and in terms of subsidy assistance needs. The connections are related back to the size or square foot area of the newly constructed building.

This analysis and the nexus burden established by the analysis do not address existing housing problems and needs; the analysis only address new demands for affordable housing associated with the construction of new workplaces. The analysis also should not be construed to suggest that development and its relationships are the only cause of housing affordability problems; the causes are many and complex. Finally, this analysis does not make the case that the development community should bear the full cost of addressing affordability problems; this program is but one component of a broad and comprehensive program entailing other locally generated funds as well as funds from the state and federal governments.

The Legal Basis and Context

Since the San Francisco OAHHP Program was enacted in 1985, there have been several U.S. and California Supreme Court cases and State of California statutes affecting what local jurisdictions must demonstrate when imposing impact fees on development projects. The most important U.S. Supreme Court cases affecting fees and mitigation measures are the *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard* (Oregon). In California *Ehrlich v. City of Culver City* is also a significant precedent. The rulings on these cases help clarify what governments must find in the way of the nature of the relationship between the problem to be mitigated and the action contributing to the problem. Following the *Nollan* decision in 1987, the California legislature enacted AB 1600 which requires local agencies proposing to impose a fee on a development project to identify the purpose of the fee, the use of the fee, and to determine that there is a reasonable relationship between the fee's use and the development project on which the fee is imposed. The local agency must also insure that there is a reasonable relationship between the amount of the fee and the cost of mitigating the problem that the fee is addressing. Studies by local governments designed to carry out the intent of the *Nollan* decision and AB 1600 are referred to as "nexus studies." This report is the nexus study for a revised and updated San Francisco OAHHP program.

One court case that involved housing linkage fees was *Commercial Builders of Northern California v. City of Sacramento*. The commercial builders of Sacramento sued the City following the City's adoption of a housing linkage fee. Both the U.S. District Court and the Ninth Circuit Court of Appeals upheld the City of Sacramento and rejected the builders' petition. The U.S. Supreme Court denied a petition to hear the case, letting stand the lower court's opinion. The authors of this nexus study were the authors of the Sacramento study.

I. *The Nexus Methodology*

This section sets forth the basics of the nexus concept and methodology. As with the existing OAHHP in San Francisco which was supported by an analysis by Recht Hausrath & Associates in a 1984 document entitled *Summary of the Economic Basis for an Office Housing Production Program*, this analysis links new commercial buildings (or other workplaces) with new workers in the City; these workers demand additional housing in the City, a portion of which needs to be affordable to the low and moderate income levels of the workers.

This report contains a Macro Economic Analysis outlining the past and projected relationships between construction, employment and housing in San Francisco and also a Micro Economic Analysis which demonstrates the linkages associated with a single building. To illustrate the nexus, very simply, we can walk through the major calculations of a building. We begin by assuming a prototypical 100,000 sq ft. building and then make the calculations as follows:

- We estimate the total number of employees working in the building based on average employment density experience.
- We use occupation and income information for typical job types in the building to calculate how many of those jobs pay at very low, low, and median income levels.
- We know from the Census that most of these lower income employees are members of households where more than one person is employed; we use various factors to calculate the number of low income households represented.
- We then make a number of adjustments to linked households, most of which are drawn from the Macro Economic Analysis, such as an adjustment for people who work at jobs in new San Francisco buildings but will live outside of the City, and an adjustment to recognize declining sectors of the San Francisco economy in which jobs are lost.
- Finally, we conclude on the numbers of low and moderate income households associated with the building and divide by 100,000 square feet to arrive at coefficients of housing units per square foot of building area. In the last step, we multiply the number of households per square foot by the costs of delivering moderate and lower income affordable housing units.

The factors and relationships utilized in the analysis reflect long term average conditions. Short term conditions due to the recession are not an appropriate basis for establishing a fee which is a one time exaction to mitigate a condition over the life of the building. Causation and other issues are discussed below.

The Relationship Between Job Growth and Population Growth

The social issue driving this analysis is growth in new moderate and lower income households. New population growth in most U.S. regions occurs primarily as a result of growth in jobs. Over the long term, the vast majority of growth in the State of California and its sub-regions is job driven. The arrival of new population creates a new "secondary" demand for jobs in retail outlets and services which follow. Growth in the greater Bay Area region is predominantly job driven. Most people coming to the region would not come to the area if they could not expect to find a job. If born in the Bay Area, people would not stay without jobs. This is the long-term pattern. In the short-term, economic cycles and other factors can result in population growth without jobs to support the growth. If an economic region in the U.S. does not maintain job growth, there is an out-migration to regions where job growth is occurring. Many cities in the Midwest are examples.

At the lower income levels, relocation and migration are particularly job driven. No housing is affordable to middle and lower income groups without jobs (or without public assistance).

The Relationship Between Construction and Job Growth

Once it is understood that population growth, especially low income population, is predominantly job driven in the greater Bay Area region, the question arises as to the cause of employment growth itself.

Employment growth does not have "one cause." Many factors underlie the reasons for growth in employment in a given region; these factors are complex, interrelated, and often associated with forces at the national or even international level. The nexus argument does not make the case that the construction of new buildings is solely responsible for growth. However, especially in the Bay Area region, new construction is uniquely important, first, as one of a number of parallel factors contributing to growth, and second, as a unique and essential condition precedent to growth.

As to the first, construction itself encourages growth. When the state economy is growing, the most rapidly growing areas in the state are those where new construction is vigorous as a vital industry. In regions such as the Bay Area where multiple forces of growth exist, the political and regulatory environment often join forces with the development industry to attract growth by providing new work spaces, particularly those of a speculative nature. The development industry frequently serves as a proactive force inducing growth to occur or be attracted to specific geographic areas or jurisdictions.

Second, commercial/industrial buildings bear a special relationship to growth, different from other parallel causes, in that buildings are a *condition precedent* to growth. Job growth does not occur in modern service economies without buildings to house new workers. Unlike other factors that are responsible for growth, buildings play the additional unique role that growth cannot occur without them.

Addressing the Housing Needs of a New Population vs. the Existing Population

The City and County of San Francisco has clearly documented that the housing needs of a substantial portion of the existing moderate and lower income families are not being met. This existing housing shortage, especially at the very low, low, and moderate income levels, is manifested in numerous ways such as payment of far more than the percentage of income for housing set forth in federal and state guidelines, overcrowding and other factors which are extensively documented by the City's Residence Element of the General Plan and other reports.

This nexus study does not address the housing problems of the existing population. Rather, the study focuses exclusively on documenting and quantifying the housing needs of new households where a member works in a new office building or other type of workplace.

This analysis also assumes that new housing affordable to moderate and lower income households is not being added to the supply in sufficient quantity. If this were not the case and significant numbers of units were being added to the supply to accommodate the same income groups as addressed by the fee, then an adjustment would be in order. If San Francisco were to be experiencing significant vacancy

levels in residential units, particularly units affordable to lower income households, then the need for the units would require reexamination. Even during the recession, however, vacancy levels in residential units have not exceeded 6% in the City overall.

Other Underlying Assumptions

Substitution Factor

It is obvious that any given new building may be occupied partly, or even perhaps totally, by employees relocating from elsewhere in the City. Buildings are often leased entirely to firms relocating from other buildings in the same jurisdiction. However, when a firm relocates to a new building from elsewhere in San Francisco, there is a space in an existing building which is vacated and released to another firm. That building in turn may be filled by some combination of newcomers to the area and existing residents. Somewhere in the chain there are jobs new in San Francisco. Except in the case of demolition of a building, which is addressed in the ordinance, space for employees does not disappear. The net effect is that new buildings bring in new employees, although not necessarily inside of the new buildings themselves.

Indirect Employment and Multipliers

The Macro Economic Nexus Analysis, which examines prototype buildings, addresses direct "inside" employment only. In the case of the office building, for example, direct employment covers the various managerial, professional and clerical people that work in the building; it does not include the janitorial workers, the window washers, the security guards, the delivery services, the landscape maintenance workers, and the many others that are associated with the normal functioning of an office building. These indirect employees tend to be the many service workers at the lower end of the pay scale. No good data sources were located that deal with indirect employees in various type buildings. If one thinks about who the lowest income workers are, one can observe that lower income workers include construction laborers, transportation workers, and a whole host of service workers who do not work in any type of building as regular employees but whose jobs are associated with such structures. In other words, any analysis that ties lower income housing to the number of workers inside buildings will continue to understate the demand. Thus, confining the analysis to the direct employees does not address all the low income workers associated with each land use (or type of buildings) and significantly understates the impacts.

An informal survey of office buildings suggests that the number of employees at the lower end of the income range would be at least 10% higher with the inclusion of indirect employees.

If the door were open to the indirect employees, one could take the analysis further and deal with the question of multipliers. Multipliers refers to the concept that the income generated by certain types of jobs recycles through the economy resulting in additional jobs. For purposes of producing a conservative nexus amount, this study omits such multiplier effects.

Special Adjustments in the San Francisco Analysis

There are several special adjustments in the analysis to take into account worker households associated with new commercial buildings that do not equate to new housing demand. Adjustments of this nature include the fact that not all worker households will elect to live in San Francisco and will prefer to commute; a recognition that some sectors of the San Francisco economy are declining such that not all workers are net new workers, and changes in labor force participation.

Discount for Increase in Labor Force Participation

The increase in labor force participation, primarily among women, that occurred during the 1960's, 1970's and 1980's was associated with a significant portion of total job growth. As a result, a significant number of new workers already had local housing, thus reducing demand for housing associated with job growth. In the 1990's, however, labor force participation rates have stabilized, and may have even peaked and are now declining slightly. For every person of labor force age that enters the labor force, another leaves. As such, an adjustment for increase in labor force participation is no longer warranted in a nexus analysis.

Discount for Employees that will Live Outside San Francisco

The analysis makes an adjustment for the fact that not all of those who work in San Francisco would elect to live in San Francisco even if housing were affordable. At the current time, approximately 55% of those who work in San Francisco also live there. This percentage decreased significantly in the 1970's decade when the 1970 ratio of 62.6% of workers living in the City dropped to 56% by the end of the decade. During the 1980's decade, however, there was very little change and both the City and the ABAG/MTC planners anticipate this ratio to remain at approximately 55% looking ahead to at least 2010. The Citywide Travel Behavior Study identified a slightly lower level of San Francisco workers who also live in the City, at 50.4% based on its survey.

For purposes of the analysis, 55% of the housing demand associated with the workspace is utilized to identify the development project's housing burden.

At this outset, it should be noted that 45% share of San Francisco workers commute from residences in other counties is already a reflection of the affordability conditions in the City. More workers would live in the City were more affordable housing available. Even a recent San Francisco Examiner poll found that San Francisco, over and above any other Bay Area county, is where more people would live if they could.

Use of 55% is an extremely conservative approach and it is arguable that no discount should be made at all. Subsidized housing opportunities are in short supply; if housing were built for all new moderate and low income employees, 45% would not remain vacant. If such housing were offered with a priority given to households with members employed in the City, most would be taken. This is all that

the nexus requires; the statutory and constitutional nexus standard mandates that the housing units built with the funds contributed by commercial structures are reasonably available, from a regulatory and practical perspective, to the workers in those structures. Most non-resident workers, especially low paid workers, would live closer to their jobs if they had the opportunity to do so, but instead are required to commute long distances primarily for economic reasons. Given this shortage of subsidized units and commute-driven impetus to live close to jobs, this study could reasonably have assumed that a far higher percentage of the units offered would be occupied or occupiable by workers in the structures contributing the fees.

Discount for Declining Industries

In economies where there are long term structural changes occurring due to the decline of one or more industries or sectors, it is appropriate to recognize that all new jobs may not be net new jobs. In some California jurisdictions, there are major changes occurring due to the decline in federal aerospace and defense spending; in others, military base closures are having a major impact. In San Francisco, there has been major long term economic decline in the industrial land use activity sectors. The Standard Industrial Classification categories most affected are manufacturing activities, transportation, communications and utilities, and wholesale trade. To the layman, the decline is visible in the declining activity of the Port of San Francisco, the exodus of many types of manufacturing, and the large inventory of warehouse type structures that are either vacant or being converted to other types of uses.

An adjustment to recognize declining industries is important in a nexus analysis because new jobs added in office, retail and other type spaces are, to some extent, replacement of jobs lost in these industrial land use categories. If an underlying premise of a jobs housing nexus is labor force mobility — i.e., workers are attracted to areas where jobs are made available, in part through the delivery of work spaces, then it must also be recognized that loss of jobs means workers either leave the area or become employed in another activity. In either case, an adjustment to housing demand is warranted because either the worker leaves San Francisco and makes his/her housing available to others or is re-employed but already has housing.

In San Francisco, the loss of industrial jobs in relation to increase in other types of jobs has at times been substantial. During the 1980's, there was 0.6 to 0.7 of an industrial job lost for every job gained in other industries. Over a 22 year period from 1972 to 1994, the relationship was closer to 0.25 jobs lost for every gain. It is only the future relationship that should be of relevance to a nexus analysis, but of course views of the future vary depending on the source. The Association of Bay Area Governments (ABAG) planning agency forecasts no further decline in industrial employment; other local planners and analysts believe the decline will continue. To be conservative, this analysis incorporates the long-term historic relationship of 0.25 jobs lost for every new one gained in office, retail and other employment.

It is not appropriate for a nexus analysis to take into account other changes associated with the decline in industrial jobs. For example, many workers formerly employed in industrial activities are forced to take new jobs in retail and services where compensation and benefits represent a loss of income from their former work. While this may be a legitimate concern for public policy, responsibility can not be assigned to the development of office and other types of buildings.

Differences in the 1984 and 1997 OAHBP Analyses

The 1984 analysis by Recht Hausrath Associates (RHA) and this Keyser Marston Associates (KMA) analysis employ the same conceptual logic in the linkages from buildings to jobs to housing units and fee amounts. However, the methodological steps to make the linkages have some differences and the factors used to make the adjustments have been updated based on new information. The major difference in methodology is in the approach to income distribution of workers and housing demand. Differences in adjustment factors include the commute relationships, the number of workers per household and the affordability gaps. All in all, however, the similarity in logic and bottom line conclusions are more important than the differences. The RHA analysis concludes that each square foot of office space is linked to the demand for .000386 affordable housing units; the KMA analysis places the linkage at .000517 housing units per square foot. The fee amount difference is largely attributable to the affordability gap difference — or the level of subsidy required to produce a housing unit at each affordability level.

As noted in the Introduction, the earlier analysis examined only office buildings and focused on the downtown. This analysis examines six building types on a citywide basis.

Qualifiers to the Analysis

The analysis presented in this report has been based on readily available information. The 1990 U.S. Census was frequently utilized. The California State Employment Development Department (EDD) and County Business Patterns were principal sources. Local data was taken into account wherever available. The appendix section presents a full documentation of sources and data utilized.

It should be recognized that any analysis of this nature, no matter how in-depth, contains a great many numbers and judgments relating to them. It will always be possible to take issue with a specific number. We do not believe, however, that adjusting one or several individual numbers would fundamentally alter the conclusions of the analysis.

SECTION II. MACRO ECONOMIC JOBS HOUSING ANALYSIS

This section examines the history of building construction, employment growth and affordable housing production in San Francisco in the past and looking ahead. The relationships in San Francisco that underlie the jobs housing linkage are examined in detail and the overall experience with the relationship between construction and employment growth are reviewed to establish the nexus. The history of housing production, and particularly affordable housing production to keep up with the demand generated by new workers is also examined.

This section also contains a projection of jobs and dwelling units as prepared by local planning agencies and the City to reflect the many large scale projects — mainly proposed redevelopment projects and military base conversions — in planning at this time. These projections confirm that affordable housing will not be produced at a pace sufficient to meet the demand generated by employment growth, a condition needing mitigation in the decades ahead. It must be emphasized, however, that the nexus relationships as established in this analysis, are not contingent upon a specific projected level of employment growth being realized. The relationships linking construction, employment, and affordable housing are critical to the nexus, but the specific projected levels of growth are not.

A. EMPLOYMENT HISTORY AND TRENDS

1. *Total Employment Growth in San Francisco*

Employment data is collected primarily by the State Department of Employment Development (EDD) and also by the U.S. Department of Commerce. The Association of Bay Area Governments (ABAG) utilizes both these sources to develop total figures for the decade and mid-decade and develops projections out approximately 20 years. ABAG is the most widely used data base by local planning agencies.

According to ABAG, employment growth in the City of San Francisco during the 1980 decade registered an increase of 14,440 jobs. Total employment, however, declined during the early 1990's with the California recession and it is expected that most of the employment growth in the late 1990's will be needed to return to the 1990 level. ABAG historic information and estimates are:

1980	552,200
1990	566,640
1995	534,610
2000	567,920

The above ABAG estimates are from the ABAG 96 projection series which was prepared in mid 1995. More recent information suggests that when the ABAG 98 series is published in late 1997, that the 1995 figure will be adjusted upward slightly and that the year 2000 figure will also be increased, suggesting a return to the 1990 level of total employment in the late 1990's. Because of the Recession, the historic period, from 1980 to 1990 is useful to examine as a growth period and the period from 1990 to 2000 as a period of recession and recovery.

2. *Employment by Growth Sector*

Examination of total employment obscures the dynamics and shifts that have occurred within individual sectors of the San Francisco economy. Some industries in San Francisco have been experiencing a long term decline while others have been expanding, but examination of only totals does not allow an understanding of these changes. In order to examine the individual industries associated with the nexus program, KMA obtained an unpublished annual series of data from ABAG. This series enables an aggregation of employment subcategories by building type. This series, which provides annual data from 1972 to 1994 based on County Business Patterns reporting, has an additional benefit of being more complete than other published surveys. It includes estimates of self-employed, contract employees, and others not covered in the "wage and salary" series. This series is presented in Appendix A.

Of particular interest is a breakdown of the Services industry, which is the largest and most rapidly growing of all the employment "industries" or Standard Industrial Categories (SIC's). Services now represent over 45% of total non-governmental employment and cover a range of professional and business services, which are predominantly office users, medical services, the hotel and lodging sector, an array of personal (beauty and barber, etc.) and repair services which mostly operate out of retail type spaces, plus others of a more miscellaneous nature (like veterinary medical, funeral parlors, etc.).

KMA has reorganized the ABAG data series by building type or "land use activity," using the same reclassifications as the Planning Department uses in its Commerce and Industry reporting, but with the advantage of the more complete data series, as indicated previously.

Office Employment

Office space workers are predominantly comprised of the SIC grouping of Finance Insurance and Real Estate (FIRE) and subsets of the Services grouping — business services, legal services, engineering and management, and some others. In 1972, there were roughly 75,000 employees in the FIRE categories and 51,000 in the services subsets. By 1994, the services group had grown to over 135,000 employees and the FIRE to 86,000 employees, quite shifting the balance from 60% FIRE 40% Services to 40% FIRE 60% services. This was due to both the rapid growth in some of the service sectors such as legal, which went from 4,428 persons in 1972 to a peak of over 20,000 persons in 1990 and 1991, and business services which roughly doubled, and to some major changes in the FIRE categories. The financial institutions in particular have seen both

major growth over the period and some major losses in San Francisco due to mergers and/or relocations of back office functions to suburban locations. The insurance sector has experienced similar transfers out of the City while other sectors of FIRE have experienced increases such as security and commodity brokers.

In addition to FIRE and the Services subsectors, there is significant office use in San Francisco by the management and administrative functions of companies in other classifications such as manufacturing (e.g., Foremost McKesson, Levi Strauss), retail (e.g., The Gap or Williams Sonoma), and Transportation Communications and Utilities (e.g., PG&E, Southern Pacific). Many of the companies in these industries have relocated functions from San Francisco over the past two decades. On the other hand, industries that have not traditionally been users of office space, such as Wholesale Trade, are now more and more becoming office space users. Unfortunately, there is no reliable data available to segregate the office functions from other functions in any of these categories.

From the major office user categories that can be summarized, office employment grew from 127,000 jobs in the 1972 to a high of 228,000 jobs in 1991. During the 1980's, the growth was from 171,000 to 216,000 jobs.

Retail Employment

Retail trade has represented an expanding employment base in San Francisco over the long term. In 1972 there were approximately 55,000 retail jobs in the City, a level which grew to over 80,000 jobs in the 1989 and 1990 years. Retail, as an industry that is sensitive to recession, experienced jobs losses in the 1990's, as indicated by the 1994 reported level of 73,332 jobs.

Hotel Employment

Employment in hotels and other types of lodging has been growing over the long term in San Francisco. In 1972, there were approximately 10,000 hotel workers, and this level almost doubled at the peak in 1992. The 1990's recession has affected employment levels in hotels less than it has affected other sectors, such that the 1994 figures are only slightly lower than the 1990 levels.

Health Services Employment

Health services has been a major growth industry in San Francisco as it has been on the national level. In 1972 there were a little over 17,000 persons employed in private sector health services in San Francisco. This level more than doubled by the end of the 1980's and employment peaked at a little over 39,000 employees in 1991, and has declined slightly since then. It is noted that these figures do not include government health services employees which accounts for substantial additional employment in San Francisco with San Francisco General Hospital and the U.C. Medical Center.

Industrial Employment

Industrial as a "land use activity" is comprised of manufacturing, wholesale trade, and the activities of most of the transportation, communications and utilities (TCU) categories. As a generality, all of these sectors have been experiencing long term decline for many decades in San Francisco. Manufacturing of both durable and non-durable goods has been leaving the City, the Port has been in decline, and the wholesale and warehousing subsectors have done much transferring out of San Francisco as well.

Total industrial employment was approximately 145,600 jobs in 1972 at the beginning of the time series, and has dropped to 99,400 jobs by 1994, or a decline of 45%. The only significant exception to the decline has been apparel manufacturing which has grown from approximately 8,000 jobs in 1972 to approximately 12,000 jobs in the 1990's. Printing and publishing is another sizable category in San Francisco that has been fairly stable, or flat in employment, over the 23 year period, as opposed to declining. Overall, the industrial land use activity group has been losing 2,100 jobs per year on average over the 22 year period.

Industrial Decline and Total Employment Growth

By examining the growth by major building type or "land use activity," as presented in the historic series data, it is evident that growth in employment in some building types has been offset by losses in other building types. Employment growth in office retail, hotel, and medical land use activities has been partially offset by losses in the industrial land use activity group. To a far lesser extent there have also been job losses in the military component of San Francisco employment.

From a nexus perspective, it is important to recognize these dynamics. Every new office employee, for example, is not a net new employee in that there has been a fraction of a job lost in industrial employment. If it is assumed as an operating premise that labor is mobile and relocates to where new employment is available, then it must also be assumed that when jobs are lost workers migrate out of the City in search of employment elsewhere — or seek reemployment in a new industry. In either case, housing of an industrial worker whose job ends is either made available for replacement employees or, in the case of the industrial worker who gets a new job in an office or retail store, there is no additional housing needed because the worker is already housed.

An analysis of the 22 year time series indicates there were approximately 47,000 industrial jobs lost against gains of 188,000 in all other non-governmental categories. In other words, for every four jobs gained, a job was lost; or for every job gained there was a loss of .25 jobs. During the 1980's decade, the relationship was close to 1.67 or 0.6 of a job was lost for every new job that was gained in the office, retail and other categories under review.

The ABAG 96 published projection series reports similar declines of industrial employment at 29,350 jobs during the 1980 to 1990 period. This series, which has more limited information on the services industries, suggests that gains in other categories were 43,750 for the same period, for a net gain of 14,440 jobs over the decade. This series would suggest that for every job gained in San Francisco in categories other than industrial, there was 0.67 jobs lost in industrial employment, similar to the other data series.

2. *Employment Growth and Building Construction*

An underlying premise of the jobs housing nexus and the placing of a burden on the construction of workplaces is that there is a direct relationship between the new workplaces and new employees. In this section some of these historic relationships are examined. The construction of office space in particular is closely monitored both by the real estate brokerage and development community and also by the Planning Department. Construction of other building types or "land use activities" is not similarly monitored and quantified. This examination of the relationship therefore focuses on office construction and office employment growth.

Historic office construction by groupings of several years dating back to 1955 was assembled for review against the growth in office employment. Several real estate brokerage firms active in office space leasing have assembled thorough inventories of San Francisco office buildings that encompass all areas of the City and all types of office space. One firm with a comprehensive data base places the total inventory at over 65 million square feet of space, of which nearly 80% has been constructed since 1955. Some data bases are focused only on large buildings or the downtown; other data bases indicate even higher total inventories but also include retail and wholesale type space such as Showplace Square. The series indicated in Table II-1 closely approximates the addition to the inventory as reported by the Planning Department since 1984 as part of the Downtown Plan Monitoring Program.

Analysis of the total inventory is useful in that the occupancy level throughout the inventory can be taken into account. As large amounts of office space became available through new construction at the end of the 1980's and the Recession curtailed employment growth, vacancy levels grew to the 12% range. With the increase in occupied inventory, we can examine occupied space compared to employment growth and confirm that a clear relationship exists:

1980-1990

Occupied office space	1990	60.9 M SF
Occupied office space	1980	<u>40.0 M SF</u>
Increase in occupied space		20.8 M SF

Office employment	1991	228,000 jobs
Office employment	1980	<u>171,000 jobs</u>
Increase in office employment		57,000 jobs

Relationship of the increases 365 SF/employee

1984-1994

Relationship of the increases 305 SF/employee

The amount of occupied office space per employee is similar to the office employment density identified by surveys. Surveys of occupied buildings generally find office densities in the range of 200 to 400 square feet per employee depending on the type activity. Back office functions and government employees are usually at higher density (or lower square feet per employee) than corporate offices and professional firms. Office density also varies with economic cycles. Firms often reduce employment during a recession but may not move to smaller spaces; they just occupy the same space less densely. The generally accepted average office density in San Francisco is 275 square feet per employees for normal economic times. This is the same density utilized in the 1984 Recht Hausrath analysis.

An employment growth series analyzed against an office space growth series does not produce a perfect parallel relationship because:

- The EDD methodology and classification system for employment is not designed for relating employment to land use activity or building type. A firm is classified by EDD based on its principal product or service. A forest products or oil company with offices in San Francisco is a manufacturing firm, even though all San Francisco employees are office workers. Many real estate and insurance brokers work out of retail spaces. The examples of cross over are endless.
- There are many dynamics of change affecting how firms employ workers and conduct their business. As an example, what may appear to be a decline in one sector can be, in actuality, a shift from regular employees to temporary services and contract arrangements, all of which make the business services sector such a high growth sector.
- Construction of new office buildings is carefully monitored and quantified. Removal of old space through demolition or conversion to other uses is not monitored at all. Thus all office space construction is not net new space in a City such as San Francisco. (A housing nexus ordinance such as the OAHHP ordinance includes an offset provision for demolition of old space which means the fee applies only to net new space.)

- Government employees often account for the occupancy of significant amounts of privately owned office space. There is no data base in San Francisco to readily adjust for government occupancy from one time period to another.

Notwithstanding these difficulties, we can still say that the historic nexus between new construction and growth in office employment clearly exists and that there is a quantifiable nexus relationship over a long time frame that evens out business cycles.

B. CHARACTERISTICS OF SAN FRANCISCO EMPLOYEES AND THEIR HOUSEHOLDS

This section examines several key characteristics of employees in San Francisco and their households that are particularly relevant to the jobs affordable housing linkage. These are: the number of workers per household on average, income characteristics, and commute patterns. These characteristics become key factors in the micro economic analysis of the nexus between workspace buildings and affordable housing demand.

1. Workers per Household

The workers per household characteristic provides the link between number of employees and number of households associated with the employees, recognizing that most households today have more than one worker.

The number of workers per household in a given geographic area is a function of household size, labor force participation rate, and employment availability. Historically, labor force participation has been rising since the early 1960's but appears to have leveled off in the 1990's. This has been true in San Francisco and throughout the country. Another long-term national trend that has also occurred in San Francisco is decreasing household size; however, in the 1980's in San Francisco there was an increase, largely a reflection of the immigrant population which is characterized by large families and extended households. Employed persons per household or workers per household has also increased during the 1980's in San Francisco as household size edged up and more household members went to work. According to ABAG, these factors are believed to have peaked in 1990 and are expected to decline slightly. Appendix B provides more detail and discussion of these relationships.

For a nexus analysis, the characteristic of most direct interest is the number of workers per worker household. Worker households are distinguished from total households in that the universe of worker households does not include the elderly or households in which members are retired or do not work for other reasons. Student households and unemployed households on public assistance are excluded from worker households.

In San Francisco in 1990, the number of workers per worker household was 1.56. In 1980 the relationship was 1.50, or slightly lower. ABAG predicts that this relationship will increase to 1.63 by 2010. The number of workers per household in San Francisco is generally lower than in most suburban areas or large regional areas due primarily to the higher than average percentage of single person households.

2. Wages and Salaries of San Francisco Workers and Household Income

The average wage or salary of San Francisco workers and the income of households formed by the 1.56 workers determines the household's ability to afford housing. Both households and housing units are expressed in relation to median income for the metropolitan area.

The San Francisco City Planning Department Commerce and Industry Inventory reports information on gross wages and salaries paid to San Francisco workers, aggregated by land use activity. The Inventory also reports the number of employees associated with the payments, to produce an average per employee as indicated below:

SAN FRANCISCO WAGES BY LAND USE ACTIVITY: 1995								
	Office	Retail	Industrial	Hotel	Cultural/ Institut.	Govern.	Other	Total
'95' Wages (1)	\$8,530	\$1,628	\$4,873	\$418	\$3,481	\$1,546	\$47	\$20,431
'95 Employment	167,379	81,878	114,007	18,287	109,546	31,624	1,383	524,104
Ave. Wage	\$50,962	\$19,883	\$42,743	\$22,858	\$31,777	\$48,887	\$33,984	\$38,983

Note: '95 Wages in current millions of dollars

Source: San Francisco Planning Department, 1996
Commerce and Industry Inventory, tables 3.1.1 and 5.1.1

Note: This series of employment data differs from the more comprehensive series reviewed in the previous section which also includes self employed and others not covered in this series.

When workers in these activities form households, their income, either alone or in combination with other worker produces the household income. In addition, of course, there may be children and/or other household members who are not employed. According to the U.S. Department of Housing and Urban Development (HUD) the median income of a four person household in San Francisco in 1997 was \$64,400. This analysis focuses on three classifications of household income: moderate, low and very low income.

The income limits for single person households, and four person households for San Francisco in 1997 are as follows:

	<u>1 Person</u>	<u>4 Persons</u>
Very low (50%)	\$22,550	\$32,200
Lower (70%)	\$31,450	\$44,950
Median (100%)	\$45,100	\$64,400
Moderate (120%)	\$54,100	\$77,300

The above income levels are the official levels utilized by HUD and the State for all housing programs for the San Francisco Primary Metropolitan Statistical Area (PMSA). The PMSA is comprised of three counties — San Francisco, Marin, and San Mateo. Of these three counties, San Francisco has the lowest income structure. According to the 1990 Census, the 1989 median income of each counties was:

	<u>Median Household Income 1989 Person</u>	<u>Relationship To PMSA</u>
San Francisco	\$33,414	81%
Marin	\$48,544	117%
San Mateo	\$45,437	110%
PMSA (All 3 Counties)	\$41,459	100%

In summary, the San Francisco median income is approximately 80% of the PMSA average. As a result, use of the official income level in this analysis overstates the income of San Francisco residents.

3. Commute Relationships and Trends

Section I provided a discussion of the role of the commute adjustment in a nexus analysis. This section provides a brief summary of trends and relationships, which is supported by further detail in Appendix C. The major relationship of interest in a nexus analysis is the share of San Francisco workers who also live in San Francisco. Where San Francisco residents work is not directly relevant; there is only an indirect relevance insofar as the popularity of San Francisco as a place to live drives up the cost of housing and contributes to the shortage of affordable housing.

The two major sources of information on commute relationships are the U.S. Census, which is cross analyzed for the region by ABAG and the Metropolitan Transportation Commission (MTC) which works with census data. The other source is the 1992 Citywide Travel Behavior Survey (CBTS) which has far more extensive information on mode of transportation by land use activity and other data of interest to transportation planners.

The proportion of San Francisco jobs held by local residents has been declining for decades, but not at an even rate. During the 1970's the drop was dramatic when at the beginning of the decade 62.5% of the jobs were held by people who also lived in the City and at the end of the decade the share had dropped to 56%. Analysis of where most of the new commuters were living by 1980 suggests that the opening of the Transbay BART tube may have been an important factor in facilitating commute from the East Bay counties. During the 1980's, however, the continued decline was very slight, or down to 55%. The 1992 CBTS study placed the relationship closer to 50.2% of workers living in the City for the City overall.

ABAG/MTC believes the 55% relationship will be fairly stable projecting ahead. In the year 2000 ABAG/MTC projects that 54.34% of all workers in San Francisco will live there and in 2010 this relationship will be 55.13%. This analysis uses 55%.

The CBTS and other survey data suggests that commute relationships in the downtown probably differ from the rest of the City, or the City as a whole. (See Appendix C.) These surveys indicate that there is a higher probability that downtown, or C-3 District, workers will live outside San Francisco than workers elsewhere in the City. This indication also parallels other indications that office workers are more likely to live outside the City than workers in retail, service and hotel activities. All of these findings point to the high probability that less than 55% of the higher paid office workers live in the City while more than 55% of retail, hotel and workers in other land use activities live in the City. In summary, use of the 55% commute adjustment is another conservative aspect of this analysis because more lower paid workers probably would work in the City were affordable housing available.

C. HOUSING PRODUCTION AND CONDITIONS

At the beginning of this section, growth in employment was examined and it was determined from the ABAG 96 published series that there were 14,440 jobs gained over the decade. The unpublished more detailed series by land use activity indicated a substantially higher level of new employment. This section examines growth in housing units in San Francisco to meet the demand of new worker households. This section also provides a summary of some of the characteristics of the housing market that affect the ability of worker families to find housing in San Francisco. Appendix D provides additional documentation and data series in support of this summarized information.

1. Housing Production

Annual dwelling unit construction in San Francisco from 1976 through 1995 tells us that approximately 26,600 units were completed over the 20 year period. After adjusting for units demolished, the annual net gain each year averaged 1,158 units. Compared to other jurisdictions, production in the City is fairly stable and does not vary widely from year to year. The high year was 1989 when 2,345 new units were added and the low year was 1993 when only 288 new units

were added, but in most years new unit production was far closer to the 1,158 average. The 1980's decade average was 1,312 units per year.

The 1990's Recession has affected residential construction, resulting in an average of only 866 units per year in the 1991 through 1995 years.

As might be expected, the vast majority of units are multi-family (93%) and 67% of the units since 1986 have been in buildings of 20 or more units.

2. Production by Affordability Level

Since the early 1980's there has been a concerted effort on the part of the City to increase the production of housing affordable to moderate and lower income households. The OAHHP program which has produced both units and fees funds affordable housing projects. In addition, the Redevelopment Agency has produced a substantial number of new units. Federal and state programs, such the tax credit program, also play important roles. Since 1980, 5,477 units have been built as part of these programs.

The 5,477 affordable units, or those with income restrictions, built in San Francisco since 1980 represent approximately 27% of the total 20,610 units built over the period, with the other 73% "market rate." Of the income restricted affordable units, slightly over 50% have been targeted toward very low income households, or those at 50% of median income or less. Another 31% have been targeted to low income households, or up to 80% of median income, and the remaining 16% have been targeted to moderate income or up to 120% of median income.

As an annual average since 1980, 365 affordable units have been added each year.

Of the market rate units, it must be clarified that many are built and priced in a manner affordable to moderate income households. A major share of rental units in particular are within the moderate affordability range, but without income restrictions there is no assurance that they will remain affordable. Very few for sale units, however, are able to built affordable to even moderate income households without public assistance in some form.

3. Housing Conditions

San Francisco repeatedly prevails in national surveys as one of the most expensive housing markets in the country. The San Francisco housing market has long been characterized by very low vacancy rates, usually well under 5%, although in occasional Census years a supply of new unsold units will give the appearance of a higher rate. Any survey that is confined to units generally available for rent or sale (as opposed to vacation home, corporate units, etc.) indicates very low vacancy levels in San Francisco.

Over the past 15 years, rent levels in San Francisco have gone through cycles of moderate increases followed by spurts of rapid increases. During the 1980's decade the Census reported a rise of 130% and a 1990 median rent of \$613 per month. Since 1990, however, the rise in rental rates has been steeper, with a 16% increase recorded by the Bay Area Council in the 1990 to 1995 period, and the 1995 average rent for advertised vacant units at \$1,075 per month.

Home prices in San Francisco have followed different cycles. The Census recorded a 186% increase over the 1980 to 1990 decade, for a median value of \$298,000 in 1990. Another source that tracks price movements annually has recorded decreases in values during the 1990's Recession, but increases in 1994 and 1995 to a median value of \$313,000 per unit.

4. Affordability of Housing Supply

As demonstrated in the next section in the Affordability Gap analysis, a median income household of two persons can afford as much as \$1,248 per month in rent for a one bedroom unit, according to government housing affordability standards, or higher than the median rent in San Francisco according to the surveys. This same median income household, again using government standards, can afford an ownership unit costing up to \$171,000 or far less than the median value of San Francisco for sale units. The moderate income household at 120% of median can afford to spend \$205,400 to own a unit, but this is still far short of the \$313,000 median priced unit.

The cost of both rental and ownership housing increased at a more rapid rate than income during the 1980's decade. According to the 1980 and 1990 Census, both median rent and median monthly mortgage payment increased by a substantially greater amount than median income over the ten year period.

Housing Cost vs. Income Growth in San Francisco Department of City Planning

	<u>1980</u>	<u>1990</u>	<u>Increase</u>
Median Mortgage Cost	\$394	\$1,168	296%
Median Rent	\$285	\$653	229%
Median Household Income	\$15,866	\$33,414	211%

Source: 1980 and 1990 U.S. Census

These changes made housing affordability an ever greater problem by the end of the 1980's than it was at the beginning of the decade. Since 1990, we know that the three county PMSA median income has increased from \$45,000 to \$64,400 in 1997 or by 41%, but all indications are that rents for available units (as opposed to rent controlled units in continued occupancy by the same tenant) have increased by at least the same percentage. With for sale unit prices stable during the

Recession, most likely there was some improvement in the affordability gap for ownership units during the first half of the 1990's. However, at the time of this writing in spring 1997, prices are increasing steeply again.

D. EMPLOYMENT AND HOUSEHOLD PROJECTIONS

The jobs housing nexus relationship in support of a burden on new workspaces to contribute to new housing is based on best estimates of future trends and relationships in San Francisco. In this context, projections of employment and households are provided in this section.

1. ABAG Employment Projection

Two projection series are available at this time. The first is the ABAG 96 series, the most recent available during spring 1997, which is widely used by planning agencies throughout the Bay Area and in San Francisco. The ABAG 96 employment projections are:

1990	566,640
1995	534,610
2000	527,920
2005	600,130
2010	623,100
2015	638,670
2000 - 2015 Total Increase	70,750
Annual Average	4,720

The total employment growth and annual average is indicated for the 2000 to 2015 period because the 1995 to 2000 period will produce no net increase in employment over the 1990 level.

2. Cumulative Growth Forecast

Keyser Marston Associates, Inc. (KMA) has also prepared an alternative projection series that takes into account all the major projects in planning in San Francisco at this time. The projection was prepared for EIR purposes and, as such, starts with the premise that all the projects are implemented. This projection series, called the Cumulative Growth Forecast, was prepared under contract to the San Francisco Redevelopment Agency, working in close coordination with both Redevelopment Agency and Planning Department staff. Projections were independently prepared for each project area based on plans and input from project area staff. After assembling projections of development activity or employment for each area, KMA evaluated the cumulative activity from a market demand perspective to insure that the cumulative projections could meet a market capacity test.

The projects and areas individually examined in the Cumulative Growth Forecast are:

- Transbay Terminal Redevelopment Survey Area
- Rincon Point South Beach Redevelopment Area and proposed amendments, which includes the Giants Ballpark
- Mission Bay North Redevelopment Survey Area - includes entertainment and residential
- Mission Bay South Redevelopment Survey Area - includes new UCSF campus, biotech industrial and residential,
- Bayview Hunters Point Redevelopment Survey Area - includes 49ers stadium and retail mall
- Mid Market Redevelopment Survey Area - residential, new retail complex using old Emporium building, etc.
- North of Market potential survey area
- All other existing Redevelopment Area current plans
- Other South of Market area not included above
- Financial District
- Presidio
- Treasure Island
- Hunters Point Naval Shipyard

A lesser level of analysis was conducted for the rest of the City.

The Cumulative Growth Forecast was prepared only for the year 2015. The employment growth forecast is:

1990	566,600 (ABAG estimate)
1995	534,600 (ABAG estimate)
2000	568,000 (ABAG estimate)
2015	665,400
2000 - 2015 Total	97,400
2000-2015 Annual	6,490

The Cumulative Growth Forecast in many respects serves as a "High Range" Projection in that it assumes the many projects in planning are implemented within a prescribed time frame (which is not necessarily that all projects are built out by 2015). The Cumulative Growth Forecast and the ABAG 96 series bracket the growth in the 2000 to 2015 time frame at 4,700 to 6,500 jobs per year on average over the period.

3. Industrial Employment and Total Employment

The analysis of employment growth during the 1980 decade found that employment increases were experienced in most categories and all "land use activities" — office, retail, etc. with the exception of industrial. Using the ABAG detailed series (Appendix A) which enabled the aggregation by land use activity, we learned that for every job gained in there was an approximate 0.25 jobs lost in the industrial land use activity over the 22 year time period. (Industrial land use activity includes the manufacturing, transportation, communications, and utilities, and wholesale trade sectors). Using the published ABAG 96 series, the industrial loss appears at nearly 0.67 jobs lost in industrial for other jobs gained during the 1980's decade.

The ABAG 96 series projection, however, anticipates that the industrial land use activity sectors that experienced so much decline during the 1980's decade will stabilize and in fact experience increases between 1995 and 2015. All three sectors — manufacturing, TCU and wholesale trade — will grow according to ABAG, resulting in no offset being required in other sectors during the projection period. In the Cumulative Growth Forecast work effort, in consultation with the Planning Department, we concluded that continued decline at a modest level of 1,000 jobs per year, or 20,000 more jobs will be lost in these industrial sectors through the forecast period. The loss of 1,000 jobs per year against gains of 7,490 jobs per year, resulting in 6,490 net new jobs per year, is a ratio of 0.13 jobs lost for every job gained.

To be conservative, this analysis incorporates the long term historic relationship of 0.25 jobs lost for every new one gained in office, retail, and other employment.

4. Household Projections

Household projections were developed as part of both the ABAG 96 and the Cumulative Growth Forecast series. Household projections closely parallel dwelling unit projections with a minor adjustment for vacancy. The methodology for projection in both cases is anticipated dwelling unit construction given past trends and major planned projects. The household projections for the two forecasts are:

Total Households San Francisco

	<u>ABAG 96</u>	<u>Cumulative Growth Forecast</u>
1990	305,580	305,580
1995	311,430	311,430
2000	317,730	317,730
2005	325,600	N/A
2010	333,290	N/A
2015	338,390	343,620
1995 - 2015 Annual Ave.	1,350	1,610
2000 - 2015 Annual Ave.	1,380	1,730

The Cumulative Growth Forecast includes the revised plans for Mission Bay and the many residential projects in the proposed redevelopment areas. Nonetheless, the spread between the ABAG 96 projection and the KMA Cumulative Growth Forecast is about 300 households per year, the Cumulative Forecast being 19% higher than the ABAG projection.

It is recalled that the historic twenty year production of new dwelling units was in the range of 1,100 to 1,300 units per year. The City has a target production of 2,000 per year which would not be met with either projection.

5. Projected Employment Growth and Housing Demand

The analysis of relationships among employees, workers per household, and where San Francisco workers live allows us to evaluate whether the projected housing supply will be sufficient to meet the demand of new San Francisco workers. The key issue for the Affordable Housing nexus program is whether affordable units will be in sufficient supply. With the two sets of projections for future employment and housing growth, and based on affordability conditions and historic experience, we are able to draw conclusions on the need for linking new workspaces with a share of the responsibility for providing affordable housing.

The ABAG 96 and Cumulative Growth Forecast project annual employment growth during the fifteen year period after the year 2000 in the range of 4,720 to 6,490 jobs per year. This projection incorporates any loss of employment in industrial land use activities; therefore, these increases are net new jobs. We can translate these new workers into new worker households using the 1.63 workers per worker relationship and then assign demand in San Francisco based on the 55% relationship. The resulting total housing demand in the City is:

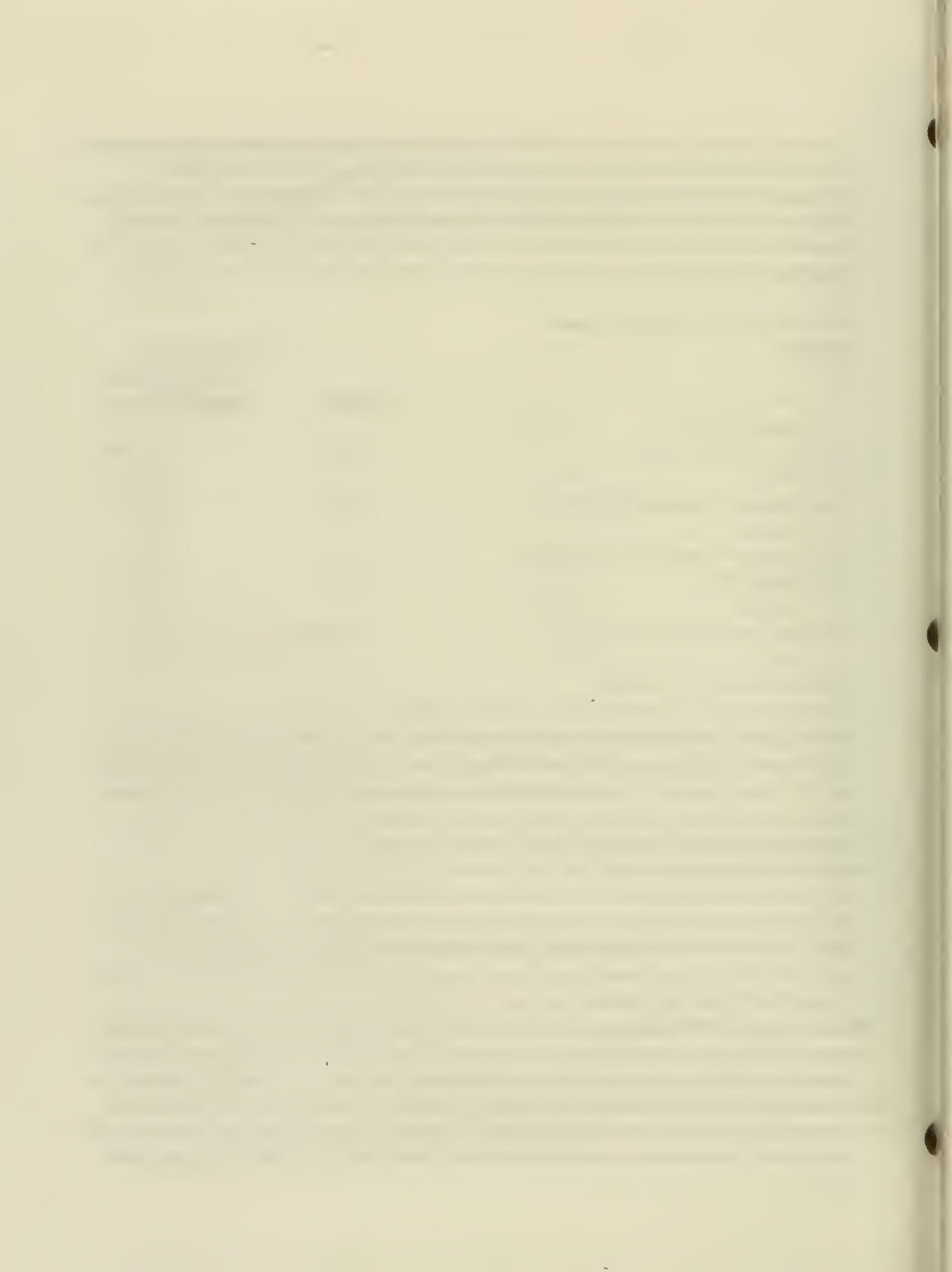
**Projected Employee Housing Demand
2000-2015**

	<u>ABAG 96</u>	<u>Cumulative Growth Forecast</u>
New Employees Per Year	4,270	6,490
New Employee Households @1.63	2,620	3,980
New Employee Household Demand in San Francisco @55%	1,440	2,190
Dwelling Unit Production (Supply)	1,380	1,730
Excess of Demand over Supply	60	460

This level demand generated by new employee households is compared to housing production projections at 1,380 units per year for the ABAG projection 1,730 units per year with the Cumulative Growth Forecast projection. In both projections, employee household demand will exceed projected dwelling unit production. Insufficient supply will result in increased rents and home prices, further exacerbating the inaffordability of San Francisco's housing supply.

New employee household demand is not equivalent to total housing demand in San Francisco. The other major source of demand is households where one or more member works in other counties. In addition, there are new retirement households, new student households, and new second residence households. Total housing demand is significantly greater than demand from worker households alone.

In summary, projected employment and housing supply indicate that supply will be insufficient to meet demand and cause the cost of housing to increase even further. With the OAHHP Program and other efforts by the City since the early 1980's, affordable units were produced at a rate of 365 units per year. This rate of production will have to be substantially increased in the future or current conditions will worsen along with all the impacts related thereto — such as more overcrowding, more overpaying, and more workers will be forced to seek affordable housing outside the City and burden the transportation system.



SECTION III: MICRO ECONOMIC JOBS HOUSING ANALYSIS

This section presents a summary of the analysis of the linkage between non-residential building types and the number of lower income households that will, on average, be associated with them. This section should not be read or reproduced without the narrative discussions presented in the previous sections.

Analysis Approach and Framework

The micro analysis establishes the jobs housing linkages for individual building types or "land use activities," using the relationships presented and discussed in the Macro Economic Jobs Housing Analysis for San Francisco overall. The sources used in this analysis are the same as the Macro analysis unless otherwise noted.

The analysis approach is to examine the employment associated with the development of 100,000 square foot building modules of six building types. Then through a series of linkage steps, the employees are converted to households and housing units in demand by affordability level. The findings are expressed in terms of numbers of households related to building area. In the final step we convert the numbers of households back to the per square foot level.

The building types or "land use activities" addressed in the analysis are:

- Office
- Retail/Service
- Hotel
- Research and Development
- Cultural/Institutional
- Medical Related

The analysis is conducted utilizing a computerized model that KMA has developed for application in several other jurisdictions for which the firm has conducted jobs housing nexus analyses. More information on the model and inputs is provided in Appendix G.

Analysis Steps

Tables 2 through 5 at the end of this section summarize the nexus analysis steps for six building types. Following is an expansion of each step of the analysis.

Step 1 - Estimates of Total New Employees

The first step identifies the total number of direct employees who will work at or in the building type being analyzed. Employment densities for office, retail, hotel, and cultural/institutional, are based on ratios used by the City of San Francisco Planning Department in other contexts (primarily drawing from the 1988 Mission Bay EIR). The densities for these building types were reviewed with Planning Department staff as part of the Cumulative Growth Forecast work program.

The employment density for medical related uses was drawn from analysis of the University of California Medical Center (UCSF) new campus EIR and the Kaiser Permanente expansion EIR. In addition, KMA has developed employment density factors for hospitals and other medical facilities elsewhere. The employment density for Research and Development (R&D) is also based on KMA prior work in cities, such as Palo Alto, where R&D is a predominant land use activity and has been surveyed to determine employment density changing density patterns over time.

See Sections I and II for major underlying assumptions. All density factors include a built-in adjustment for normal vacancy in the 5% range. Recessionary vacancies and lower intensity use of workspace buildings during a recession are short term conditions and not relevant in the housing demand analysis. An affordable housing obligation is a one-time measure which mitigates the impacts over the life of the building.

In the office example, the 100,000 square foot building houses 364 employees, the R&D building 250 employees, etc.

Step 2 - Adjustment for Declining Industrial Employment

This step adjusts for projected declining employment in industrial land use activity, particularly manufacturing, TCU (transportation, communication and utilities) and wholesale trade. As presented in Section II, these sectors have been in long term decline in San Francisco, where depending on the time frame, for every job gained in the office, retail, hotel and other land use activities, 0.25 to .67 jobs were lost in industrial land use activities. However, the projection by ABAG concludes that the decline will end and that employment in these industrial land use sectors will actually experience some minor increase in the decades ahead. Alternatively, KMA has projected a continued decline at a .13 ratio (See Section II). To be conservative in the analysis, however, an even greater discount of 0.25 is used.

The adjustment is made to insure that only net new jobs to San Francisco are counted in the analysis. Replacement jobs do not require additional housing units.

In the office building, the 364 employees are adjusted to 273 net new employees in San Francisco.

Step 3 - Estimate of Number of Households

This step recognizes that there is frequently more than one employee per household and reduces the number of employees to the number of households. The 1990 U.S. Census figure for San Francisco of 1.63 employees per household was used. See Section II.

The number of employee households in our office building is 167.

Step 4 - Breakdown of Employees by Occupation

This step divides the employees representing new households into occupational groupings using industry by occupation matrices prepared by the U.S. Department of Labor and EDD. The occupational categories are Professional/Managerial, Technical/Sales, Clerical, Service, Craft and Operator/Laborer. "Industry" categories closely approximate the building types used in the analysis.

The methodology of individually examining the occupational composition of each building type allows the nexus to take into account the employment differences among land use activities.

Step 5 - Estimates of Employees Meeting the Lower Income Definitions

In this step, occupation is translated to income distribution without consideration to household size which is accounted for in the next step. Therefore, the analysis identifies the number of employees who earn the qualifying amount for the largest size household, or \$34,400 in the case of very low income households, and \$46,000 in the case of low income households. Sources of information for this analysis step include wage data for the various occupations consistent with the building type (e.g., different types of clerical worker wages for the office category) from the Bureau of Labor Statistics and EDD listings. See Appendix E for more information.

Step 6 - Estimate of Household Size Distribution

In this step, household size distribution was sought in order to move from income distribution to the income and size combinations that meet the income definition established by HUD. Since household size varies with income, we used the closest U.S. Census tally and calculated the size distribution for the three income categories (very low, low, and moderate).

In San Francisco, the household size distribution is unusual (compared to the suburbs or large regions) in the extraordinary share of households that are single person households. San Francisco also has a disproportional share of very large households compared to a large region.

Step 7 - Estimate of Households that meet HUD Size and Income Criteria

In this step we had to build a matrix of household size and income to establish probability factors for the two criteria in combination. For each occupational group a probability factor was calculated for each of HUD's income and household size levels. This step is performed for each occupational category and multiplied by the number of households.

Step 8 - Adjustment to Eliminate Most Multiple Earner Households

This last step makes an adjustment to eliminate, or reallocate to higher income groups, most of the households that have two or more earners, because these multiple earner households may have incomes that make them no longer qualify in the lower income categories. Based on data from the U.S. Census, we have calculated the number of multiple earner households that fall in each income category. From this data we were able to eliminate from the income category those multiple earner households with incomes in excess of the HUD limits.

Step 9 - Adjustment to Discount for Non-Resident Worker

Up to this point, the analysis has assumed all workers would live in San Francisco. As discussed in the previous sections, it is assumed 55% of the employees will demand housing in San Francisco. See Sections I and II.

Analysis Conclusions

The conclusions of the analysis for the six building types, each 100,000 sq.ft. in size, as presented in Tables 2 through 5 are summarized below (figures are rounded):

	<u>Office</u>	<u>Retail</u>	<u>Hotel</u>	<u>Medical</u>	<u>R&D</u>	<u>Cultural/ Institutional</u>
Employees	364	286	222	333	250	113
Net New Employee Households	167	131	102	153	115	61
Demand in SF	91	72	56	84	63	34
Above Mod. HH	39	27	21	37	27	15
Moderate HH	25	19	15	23	17	9
Low HH	16	16	12	15	12	6
Very Low HH	<u>11</u>	<u>10</u>	<u>8</u>	<u>9</u>	<u>7</u>	<u>4</u>
Subtotal	52	45	35	47	36	19
Subtotal as % of All Employees	14%	16%	16%	14%	14%	17%

When the lower income categories are joined with moderate income the differences in terms of share of all employees demanding housing in San Francisco evens out to the 14% to 17% range.

The last table in this section presents these findings per square foot of building area.

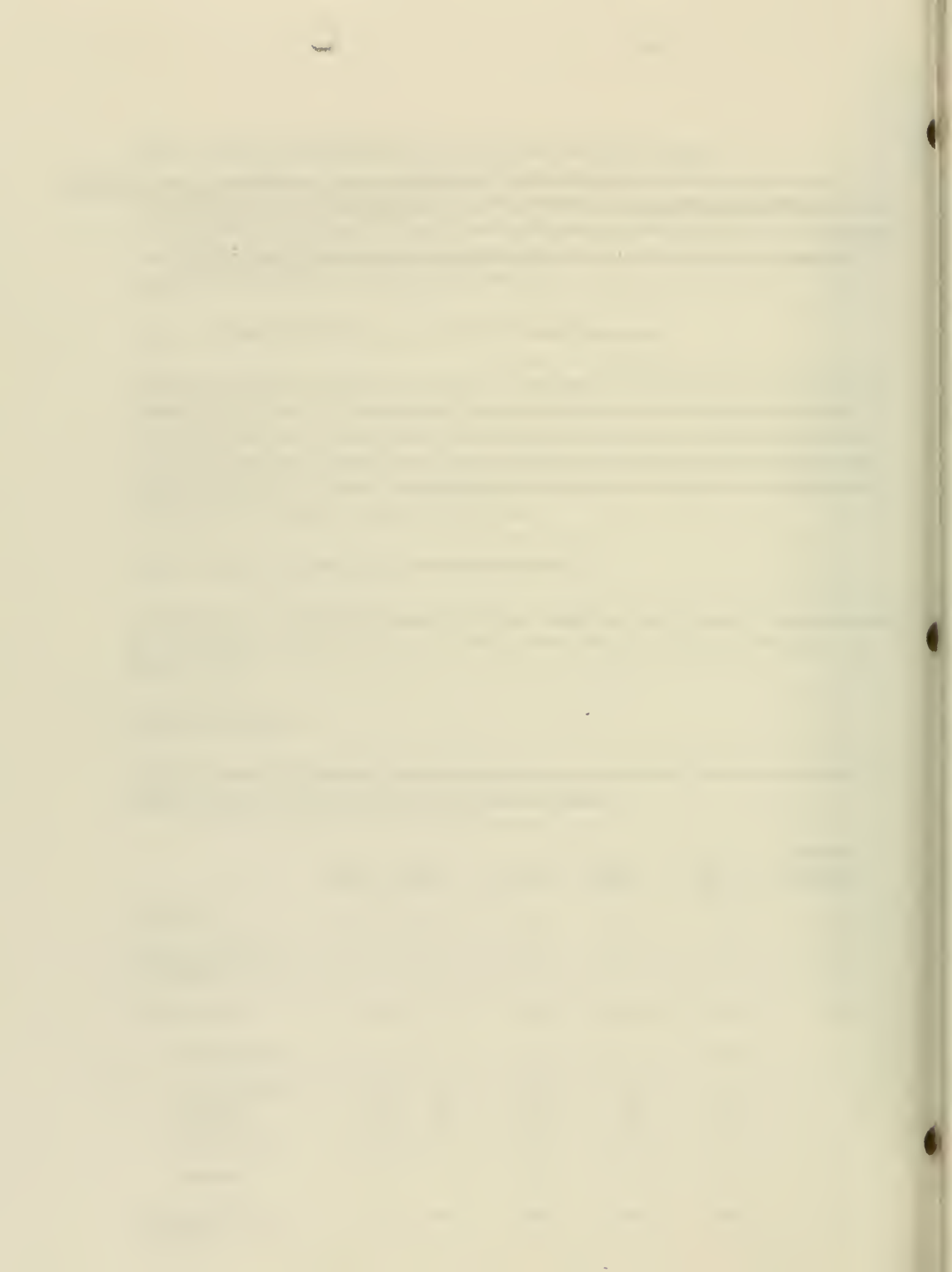


TABLE 2
EMPLOYEES, EMPLOYEE HOUSEHOLDS, AND OCCUPATIONAL DISTRIBUTION
SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Steps	Office		R&D		Medical		Cultural/ Institutional		Retail		Hotel	
	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.
1 Estimate of Employees per 100,000 sq. ft.												
Employee Density Factor (per sq ft.)		275		400		300		750		350		.75 Employee Per Room*
Number of Employees		364		250		333		133		286		222
2 Adjustment Declining Industrial Employment (25%)		273		188		250		100		214		167
3 Adjustment for Number of Households (163 employees/household)		167		115		153		61		131		102
4 Occupation Distribution												
Mgmt/Prod	28%	47	35%	40	38%	58	40%	25	12%	16	15%	16
Tech/Sales	25%	42	16%	18	21%	32	10%	6	11%	14	3%	3
Clerical	40%	67	18%	21	36%	55	20%	12	10%	13	15%	15
Services/Sales	4%	7	1%	1	0%	0	20%	12	48%	63	58%	60
Craft	0%	0	12%	14	0%	0	5%	3	8%	11	3%	3
Oper/Labor	0%	0	18%	21	3%	5	5%	3	11%	14	4%	4
Other	3%	5	0%	0	2%	3	0%	0	0%	0	1%	1
Total (Approx.)	100%	167	100%	115	100%	153	100%	61	100%	131	100%	102

*600,000 sq ft @ 600 sq ft./room = 187 rooms

Source: Keyser Marston Associates, Inc.

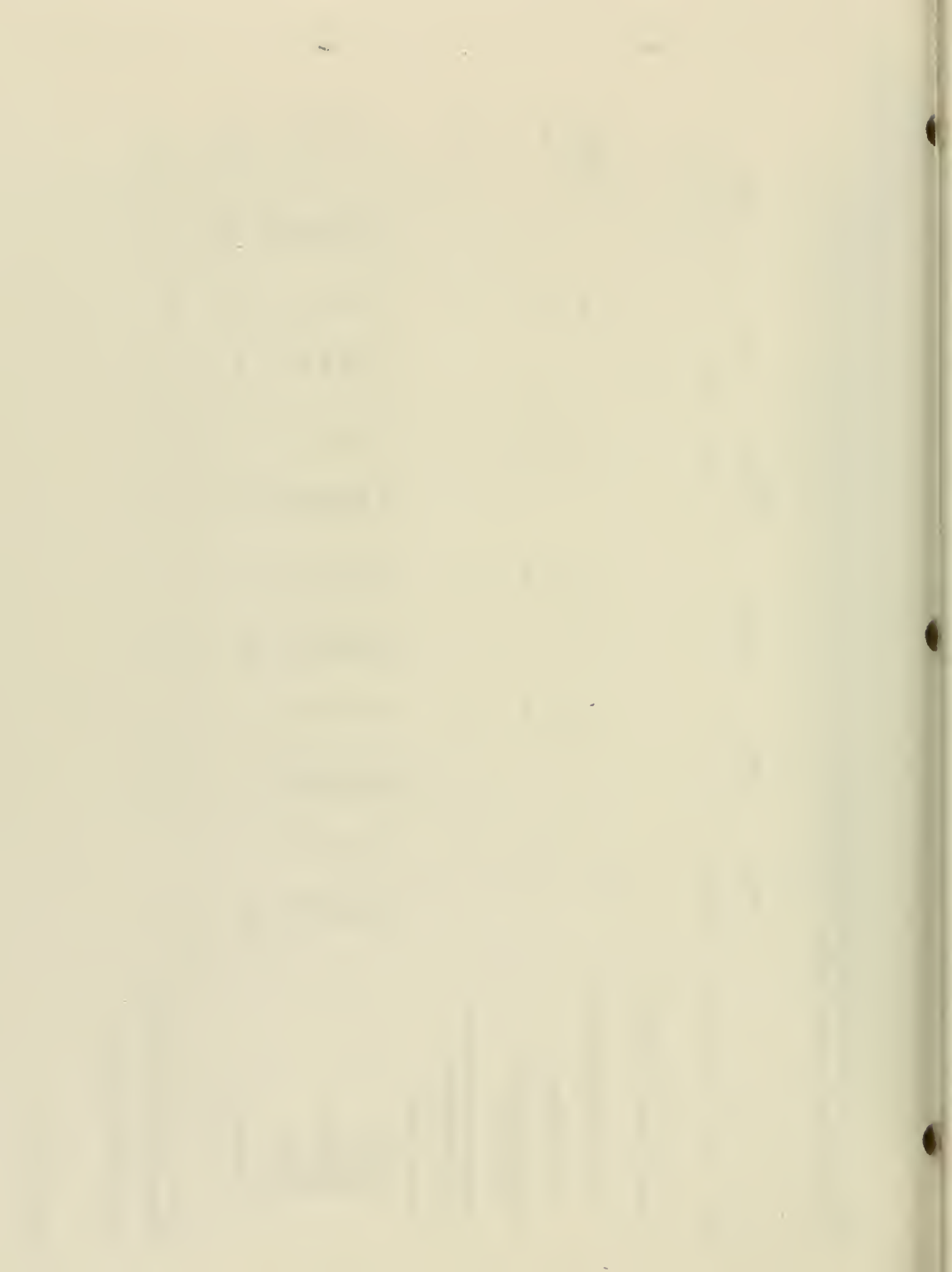


TABLE 3
 VERY LOW INCOME
 ESTIMATE OF QUALIFYING HOUSEHOLDS
 LAND USE ACTIVITY/BUILDING TYPES (100,000 sq ft building modules)
 SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Steps		Cultural/					
		Office	R&D	Medical	Institutional	Retail	Hotel
5, 6, & 7	Estimate of Households Requiring Assistance						
		Mgmt/Prof	0.96	0.82	1.19	0.50	0.33
		Tech/Sales	4.61	2.03	3.55	0.68	0.34
		Clerical	27.53	8.52	22.71	5.05	6.31
		Services/Sales	2.42	0.42	-	4.44	21.82
		Craft	-	2.80	-	0.62	0.62
		Oper/Labor	-	5.75	1.28	2.14	0.99
		Other	-	-	-	4.01	-
		Total Households (rounded)	35.52	20.34	28.73	12.14	30.41
8	Adjustment to Eliminate Multiple Earner Households	19.47	11.87	16.43	6.81	18.40	15.12
9	Adjustment to Discount for Non-Resident Workers (55% demand in San Francisco)	10.71	6.53	9.03	3.75	10.12	8.32

Source Keyser Marston Associates, Inc.

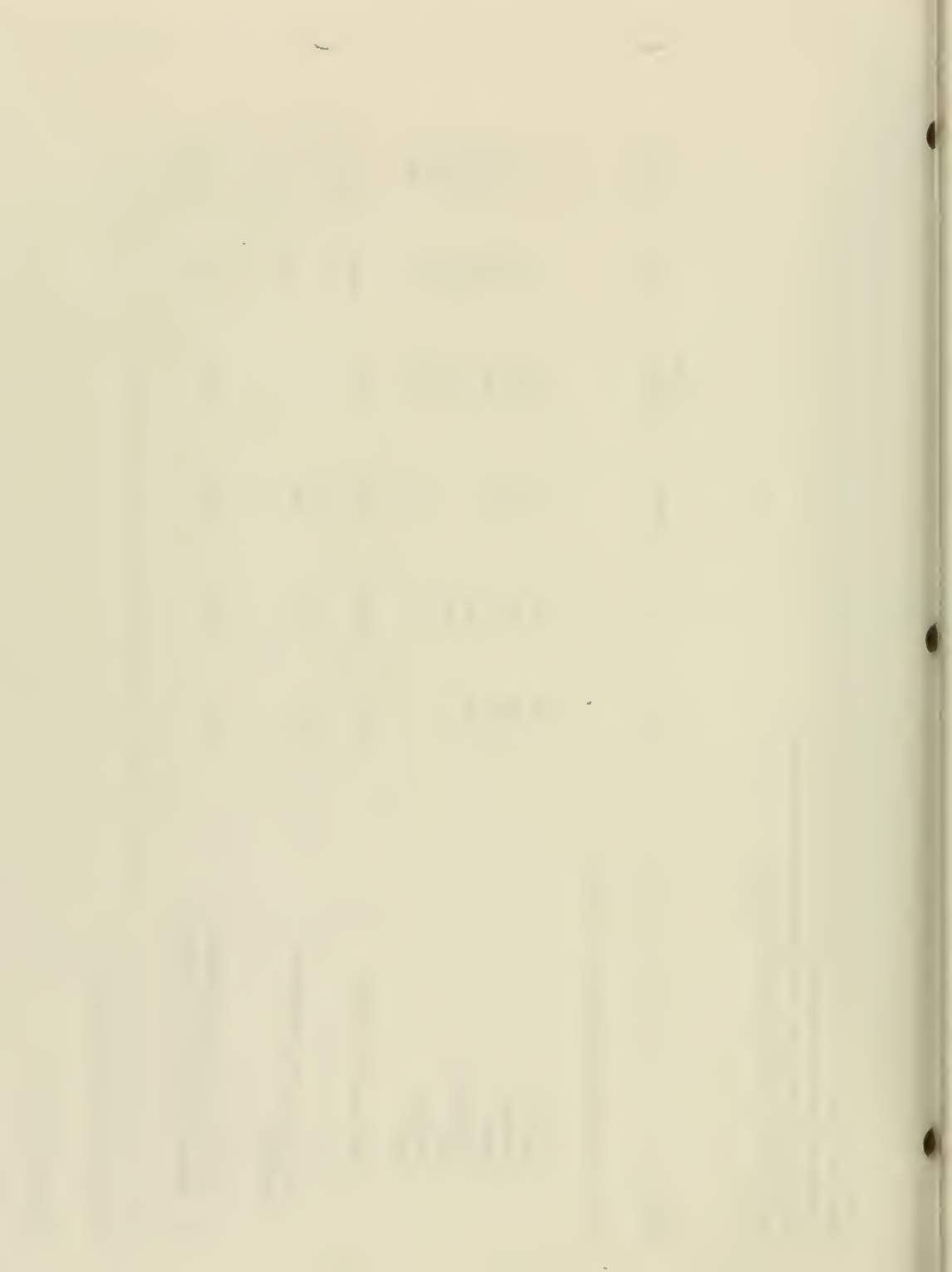


TABLE 4
LOW INCOME
ESTIMATE OF QUALIFYING HOUSEHOLDS
LAND USE ACTIVITY/BUILDING TYPES (100,000 sq.ft building modules)
SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Steps	Office	R&D	Medical	Cultural/ institutional	Retail	Hotel
5, 6, & 7 Estimate of Households Requiring Assistance						
Mgmt/Prof	9 17	7 88	11 40	4 80	3 09	3 20
Tech/Sales	9 85	4 33	7 58	1 44	3 40	0 72
Clerical	51 63	15 97	42 60	9 47	10 14	11 83
Services/Sales	5 16	0 89	-	9 47	48 68	46 54
Craft	-	7 89	-	1 75	6 01	1 75
Oper/Labor	-	15 97	3 55	2 37	11 16	2 76
Other	-	-	-	-	-	-
Total Households (rounded)	75 81	52 93	65 13	29 30	82 48	66 80
8 Adjustment to Eliminate Multiple Earner Households						
	29 67	22 21	27 00	11 76	28 68	22 48
9 Adjustment to Discount for Non-Resident Workers (55% demand in San Francisco)						
	16 32	12 21	14 85	6 47	15 78	12 37

Source Keyser Marston Associates, Inc.

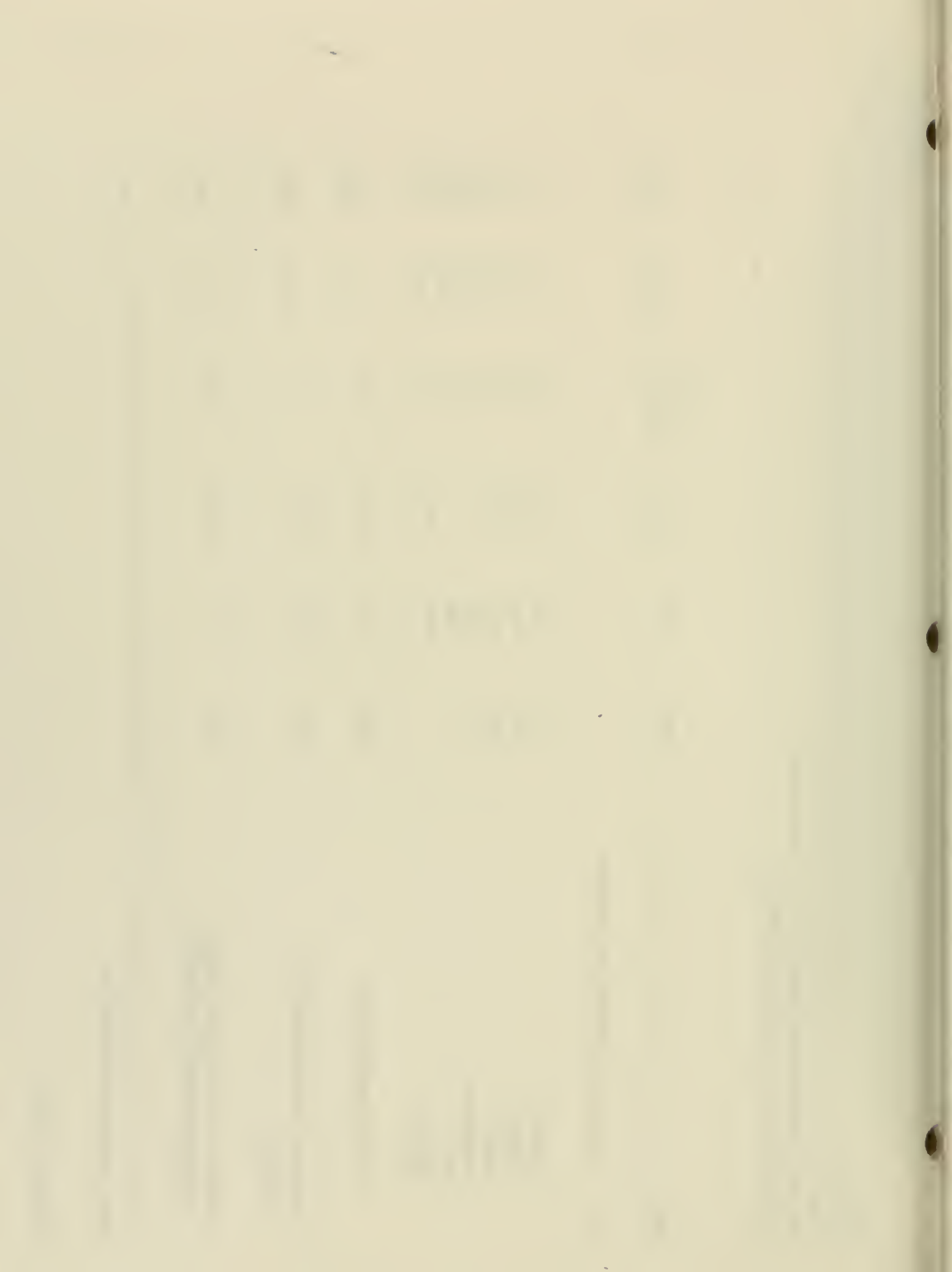


TABLE 5
MODERATE INCOME (100% OF MEDIAN)
ESTIMATE OF QUALIFYING HOUSEHOLDS
LAND USE ACTIVITY/BUILDING TYPES (100,000 sq ft. building modules)
SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Steps	Office	R&D	Medical	Cultural/ Institutional	Retail	Hotel
5, 6, & 7. Estimate of Households Requiring Assistance						
Mgmt/Prof	18.90	16.25	23.52	9.90	6.37	6.80
Tech/Sales	22.03	9.70	16.97	3.23	7.62	1.62
Clerical	64.42	19.93	53.14	11.81	12.65	14.76
Services/Sales	6.44	1.11	-	11.81	60.74	58.06
Craft	-	9.84	-	2.19	7.50	2.19
Oper/Labor	-	19.93	4.43	2.95	13.92	3.44
Other	-	-	-	-	-	-
Total Households (rounded)	111.79	76.76	98.06	41.89	108.80	86.67
8 Adjustment to Eliminate Multiple Earner Households						
	44.94	30.55	41.17	16.26	34.58	26.67
9 Adjustment to Discount for Non-Resident Workers (55% demand in San Francisco)						
	24.72	16.80	22.64	8.94	19.02	14.67

Source Keyser Marston Associates, Inc

1. The first part of the paper is devoted to a general discussion of the problem.

2. In the second part, we consider the case of a single variable.

3. The third part is devoted to the case of several variables.

4. In the fourth part, we consider the case of a function of several variables.

5. The fifth part is devoted to the case of a function of several variables.

6. In the sixth part, we consider the case of a function of several variables.

7. The seventh part is devoted to the case of a function of several variables.

8. In the eighth part, we consider the case of a function of several variables.

9. The ninth part is devoted to the case of a function of several variables.

10. In the tenth part, we consider the case of a function of several variables.

11. The eleventh part is devoted to the case of a function of several variables.

12. In the twelfth part, we consider the case of a function of several variables.

TABLE 6
MODERATE INCOME (120% OF MEDIAN)
ESTIMATE OF QUALIFYING HOUSEHOLDS
LAND USE ACTIVITY/BUILDING TYPES (100,000 sq.ft. building modules)
SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Steps	Office	R&D	Medical	Cultural/ Institutional	Retail	Hotel
5. 6, & 7 Estimate of Households Requiring Assistance						
Mgmt/Prof	19.35	16.63	24.07	10.14	6.52	6.76
Tech/Sales	22.57	9.93	17.38	3.31	7.80	1.66
Clerical	64.60	19.99	53.29	11.84	12.69	14.80
Services/Sales	6.46	1.11	-	11.84	60.91	58.23
Craft	-	9.87	-	2.19	7.52	2.19
Oper/Labor	-	19.99	4.44	2.96	13.96	3.45
Other	-	-	-	-	-	-
Total Households (rounded)	112.98	77.52	99.18	42.28	109.40	87.09
8 Adjustment to Eliminate Multiple Earner Households						
	9.71	6.66	8.92	3.55	7.51	5.82
9. Adjustment to Discount for Non-Resident Workers (55% demand in San Francisco)						
	5.34	3.66	4.91	1.95	4.13	3.20

Source Keyser Marston Associates, Inc

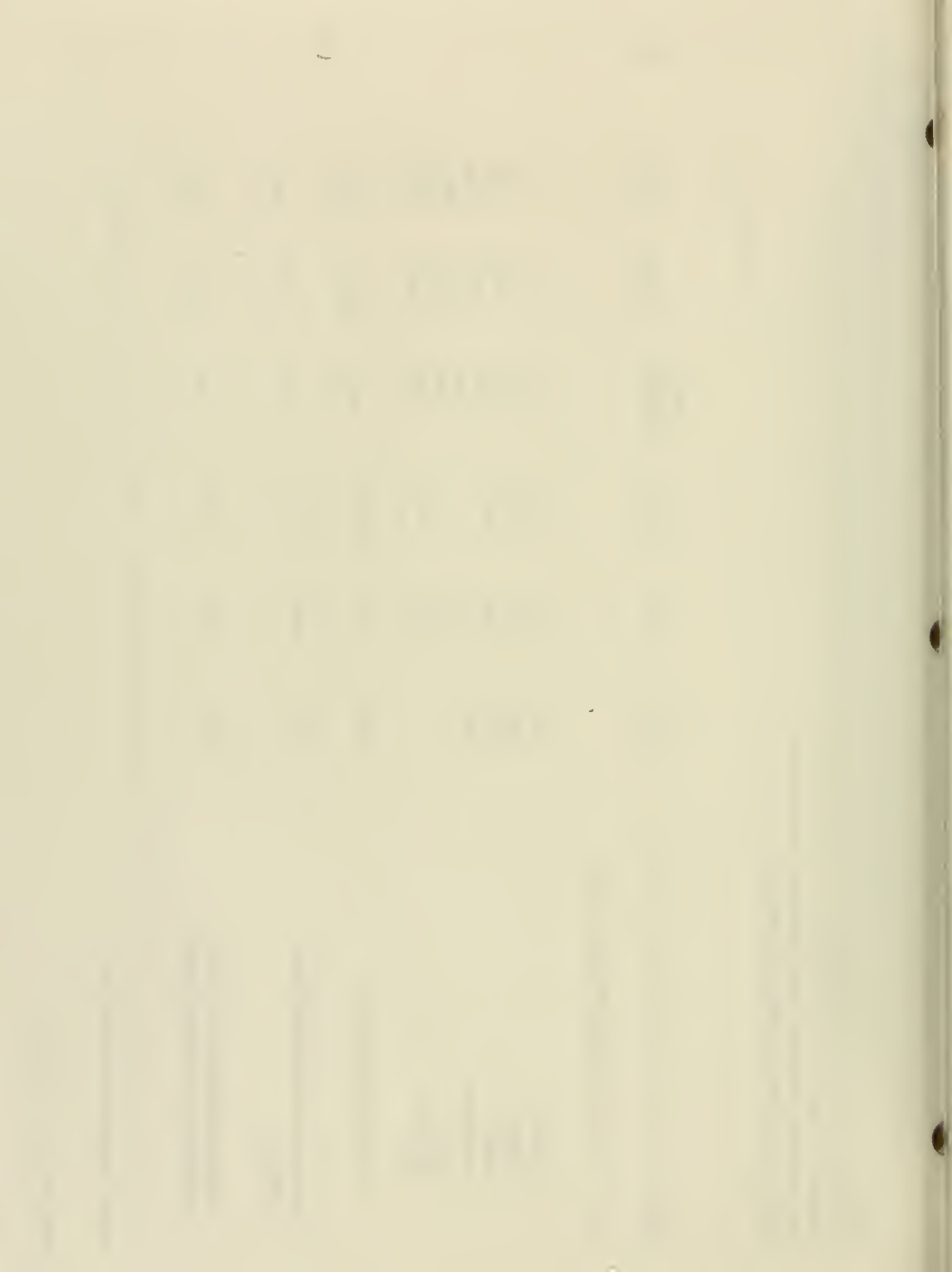
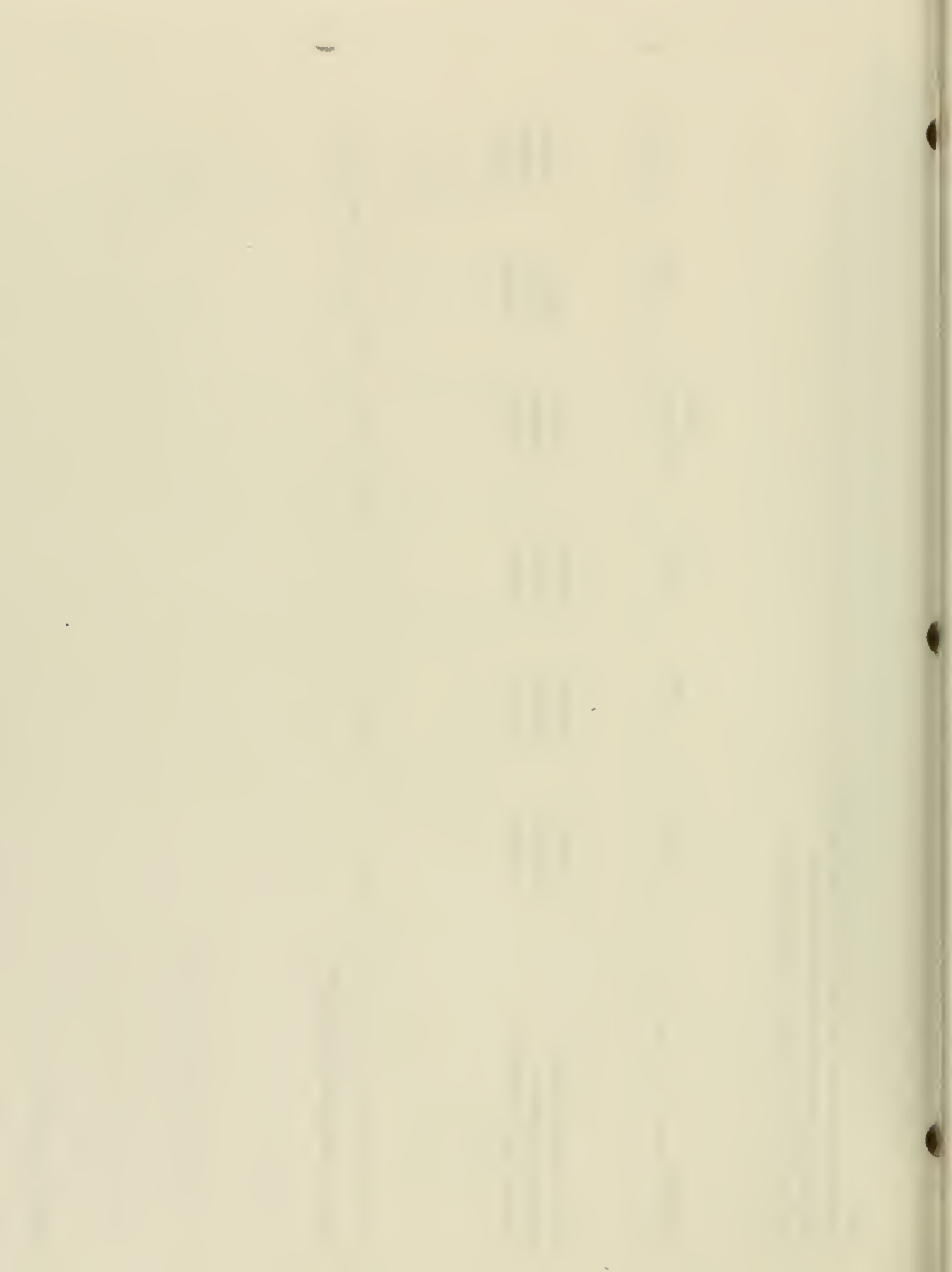


TABLE 7
HOUSING DEMAND FACTORS PER SQ FT OF BUILDING AREA
LOW AND MODERATE INCOME HOUSING DEMAND
SAN FRANCISCO JOBS HOUSING NEXUS ANALYSIS

Description	Office	R&D	Medical	Cultural/ Institutional	Retail	Hotel
Very Low Income Households	0.000107	0.000065	0.000090	0.000038	0.000101	0.000083
Low Income Households	0.000163	0.000122	0.000149	0.000065	0.000158	0.000124
Moderate Income Households	0.000247	0.000168	0.000226	0.000089	0.000190	0.000147

Source: Keyser Marston Associates, Inc.



SECTION IV: TOTAL HOUSING LINKAGE COSTS

This section takes the conclusions of the previous section on the number of households in the lower income categories associated with each building type that will demand housing in San Francisco and identifies the total cost of assistance required to make housing affordable. The previous section identified the number of households in the very low, low, and median income categories associated with each square foot of building area.

A key component of the OAHPP analysis is the calculation of the size of the gap between what households can afford and the cost of producing additional housing in San Francisco. This analysis uses a relatively standard methodology to determine what households can afford, and compares that to the cost of providing additional housing. The analysis is conducted for various household sizes that meet HUD standards at very low, low, and moderate income criteria. Consideration is also given to the cost of producing both sales and rental housing.

A. Income and Household Size Assumptions

Income definitions for housing programs are established by HUD for varying household sizes, as presented in Section II. For estimating the affordability gap, there is a need to match a household of each income level with a unit size and type of tenure according to governmental regulations and policies.

In this analysis, the average income of the qualifying households in each category has been utilized. That is to say that while the upper limit of very low income households is 50% of median income, not all very low income households demanding housing will have incomes as high as 50% of median. Many will have an income level far lower. The average income of very low income households is more akin to 35% of median and therefore the 35% has been utilized in the analysis.

An alternative policy position is available in making this analysis. One could run the analysis using the upper end of the income definition range. Using the upper end of the range has the effect of increasing the amount households can pay for housing and reducing the affordability gap. Some jurisdictions do calculate affordability gaps in this manner.

Use of the average income for the San Francisco analysis justified, at least in part, to correct for the fact that the income structure in San Francisco is significantly lower than for the larger three county area for which incomes are analyzed annually and for which all federal and state housing assistance programs must be keyed to. As indicated in Section II, median income in San Francisco in 1990 was 81% of the median income for the three county area.

Another policy choice is that of which household size to use in the analysis. The average number of persons per household citywide is 2.4. However the median household size in San Francisco is under 2.0 persons per household (due to the disproportionate shares of total households at the very small and very large ends of the household size range.) In this analysis, the two person household in a one bedroom unit is used as the average. As can be seen from Appendix F, the affordability gap increases with unit and household size, which is to say that use of the average household size at 2.4 would produce a higher affordability gap.

For each income level, using the average income policy choice and the smaller household and unit size, the assumptions for analysis purposes are as follows:

- Very low income household - a two person household with an income at 35% of median or \$18,000 in 1997, in a one bedroom apartment.
- Low income households - a two-person household with an income at 70% of median or \$36,050 in 1997, in a one bedroom apartment.
- Moderate income household - a two person household with an income at median or \$51,500 in 1997, in a one bedroom multi-family ownership unit.

Housing Expenditure

Maximum monthly rent for various categories was calculated at 30% of monthly income, including the payment of utilities. A utility allowance of \$40 for a one-bedroom unit is based on figures derived from the HUD Section 8 program.

The maximum purchase price limit for for-sale housing is determined using the key assumption that 33% of income can be devoted to housing expenses, including payment of mortgage, property taxes, insurance, mortgage insurance, and homeowner fees. A down payment of 5%, a 30 year loan at 8%, and homeowner expenses of \$2,000 are appropriate according to input by the Mayor's Office of Housing and the Redevelopment Agency.

Development Costs

The cost of developing new residential units in San Francisco is high primarily due to high land costs and construction at higher density levels than suburban locations. Other factors that impact costs include labor, special code requirements, and fees. Costs were assembled for a range of unit sizes from studios to three bedroom units in prototypical woodframe three to four story configurations, and the minimum parking allowed by the code. Costs also include indirect costs such as fees, construction finance, design and engineering. Sources of cost information include private sector developers, non-profit builders active in the City, and the Redevelopment Agency. Housing development costs are intended as averages, and are, in fact, at the lower end of the

average range. Occasionally projects are constructed at costs lower than the averages used in the analysis, but the survey of experience suggests that averages are at least as high as the levels used herein.

For a prototypical one bedroom rental apartment, the total development cost is estimated at \$137,500. The ownership unit costs slightly higher at \$152,750.

Affordability Gap

The affordability gaps for a two person household are:

- \$113, 845 at very low income for a one bedroom rental unit.
- \$48,188 at low income for a one bedroom rental unit.
- \$10,600 at moderate income for a one bedroom ownership unit.

Affordability gaps in San Francisco are among the highest in the nation, for a range of reasons that are well summarized in the City housing documents such as the Comprehensive Housing Affordability Strategy report.

Total Linkage Costs

The last step in the linkage fee analysis marries the findings on the numbers of very low, low and median income households associated with each type of work space building to the costs of delivering or subsidizing housing for them in San Francisco. The rental affordability gap is applied to the very low and low income households, while the ownership gap is applied to the median income households. The per square foot housing demand factors for each income level, as presented at the end of Section III, are multiplied by the affordability gaps to produce the total linkage cost.

Total Housing Nexus Cost (Per Sq.Ft. Building Area)

	<u>Very Low Income</u>	<u>Low Income</u>	<u>Moderate Income</u>	<u>Total</u>
Office	\$12.19	\$7.86	\$2.62	\$22.67
R&D	7.43	5.89	1.78	15.10
Medical	10.29	7.16	2.40	19.85
Cultural/ Institutional	4.26	3.12	0.95	8.33
Retail	11.52	7.60	2.02	21.14
Hotel	9.47	5.96	1.56	16.99

These costs quantify the total linkage between new workspace buildings and the demand for new affordable housing, expressing that connection in terms of cost per square foot of building area. These total nexus costs represent the legal ceiling for potential fees: **THE TOTAL NEXUS COSTS ARE NOT RECOMMENDED FEE LEVELS**. An appropriate fee range for San Francisco will be explored in the next section of the report.

In establishing the total nexus cost, or maximum fee amount, it is noted that many conservative assumptions were employed in the analysis that result in a total nexus cost that is probably understated by a considerable amount. These conservative assumptions include:

- The commute adjustment assumes that 45% of all employee households will demand housing outside of San Francisco even if units are made affordable.
- The methodology for discounting double income households essentially removes most two income households from the lower income strata (by assuming the multiple incomes place the households in the middle and upper income categories). The high and growing number of single parent households probably results in more households in the lower income categories than indicated in the analysis.
- Using a two person household in a one bedroom unit produces a far lower affordability gap than a larger unit. As matter of policy, much housing assistance is directed toward building larger units, since the market is even less able to deliver larger units than smaller ones, and needs are most acute for larger households.
- Affordability gaps are low compared to the experience of many public agencies and non-profit groups struggling to produce housing in San Francisco.
- Only direct employees are counted in the analysis. Many indirect employees are also associated with each new workspace. Indirect employees in an office building, for example, include janitors, window washers, landscape maintenance people, delivery personnel, and a whole range of others.

In summary, many less conservative assumptions could be made that would result in higher linkage costs than are concluded in this analysis.

APPENDIX A: ABAG DETAILED HISTORICAL EMPLOYMENT SERIES

This appendix provides a time series of employment data by major land use category. For each land use category the industries that predominately occupy that type of building space are included. This series allows the impacts of changing job trends on demand for buildings to be analyzed.

The data was provided by the Association of Bay Area Governments (ABAG) for 1974 to 1994. ABAG aggregates information provided by County Business Patterns (CBP) surveys. In its monitoring of the Bay Area economy, ABAG relies on both the CBP data collected by the federal government and California Economic Development Department data (EDD) that also tracks jobs. These two data sources differ in approach and methodology. CBP data is much more detailed at the industry level and as such is used for this analysis. CBP data is reported at the establishment level and includes sole proprietors and self-employed. EDD data tracks wage and salary employment only and tracks it by the place of record for payroll payment. EDD includes a smaller number of jobs than CBP data. Although there are differences in the two data series, comparing one series across time allows for valid conclusions to be made in the job trends at the industry and land use level.

Year to year variances in the data occur for several reasons. CBP has data suppression requirements to prevent confidential information from being divulged. In some years, ABAG has estimated the data suppressed and in others this calculation was not performed. SIC code designations have been adjusted over time which can also change the industry totals. Finally, the jobs in the administration and auxiliary employment category is not treated the same way in all years.

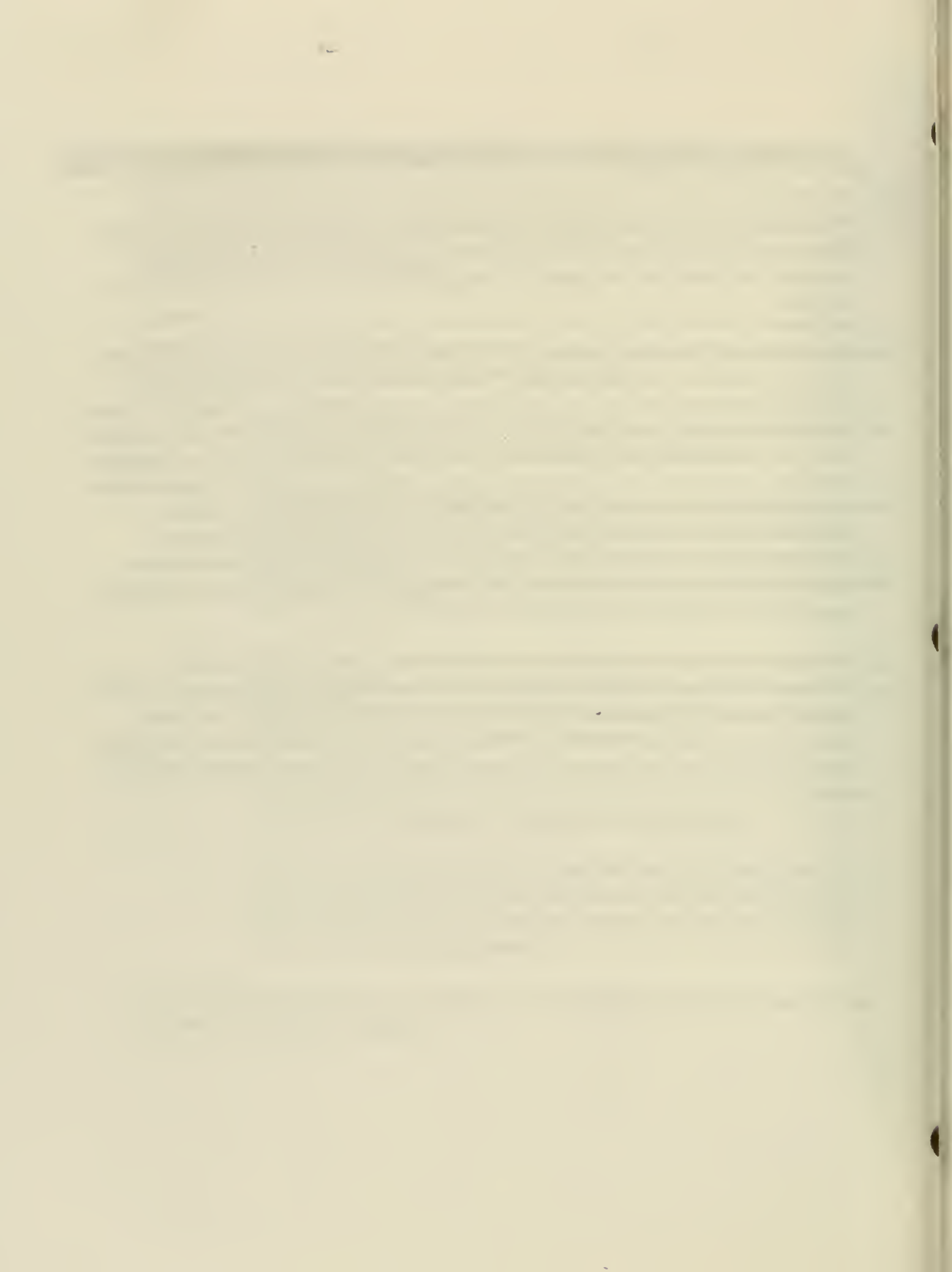


TABLE
SUMMARY OF LAND USE ACTIVITY TYPES
CITY OF SAN FRANCISCO
JOHN MOUNO RECURS ANALYSIS

Land Use	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Office	127,000	133,000	140,000	148,000	161,000	163,000	173,000	190,000	171,000	187,000	186,000	184,000	187,000	197,000	215,000	218,000	218,000	218,000	218,000	203,000	279,000	271,000	271,000
Hotel	55,000	37,000	34,000	14,000	40,000	37,000	81,000	63,000	65,000	67,000	67,000	77,000	77,000	77,000	77,000	77,000	84,000	84,000	84,000	84,000	73,000	73,000	73,000
Residential	10,000	11,000	10,000	11,000	17,000	12,000	13,000	14,000	14,000	13,000	13,000	15,000	16,000	16,000	16,000	17,000	16,000	16,000	16,000	16,000	17,000	17,000	17,000
Industrial	18,000	16,000	22,000	23,000	28,000	27,000	21,000	27,000	21,000	22,000	24,000	28,000	28,000	28,000	28,000	27,000	25,000	25,000	25,000	33,000	33,000	33,000	33,000
Other	148,000	143,000	138,000	174,000	171,000	171,000	128,000	164,000	164,000	181,000	175,000	170,000	178,000	178,000	177,000	177,000	170,000	170,000	170,000	164,000	104,000	90,000	90,000
Total / Private Industry	310,000	309,000	308,000	324,000	359,000	359,000	408,000	409,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000

Source: Association of Bay Area Governments

On the Employment

Year	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
Domestic Institutions	78,031	77,479	80,337	80,438	86,419	109,079	107,771	116,039	64,227	114,000	82,036	87,121	99,448	117,081	102,418	80,475	80,952	80,558	121,232	64,133	83,946	84,100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									

Retail Employment

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	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Hotel Employment

[illegible]

Medical Emergency

[illegible]

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Industrial Employment																							
Manufacturing	53,224	54,151	53,637	53,492	53,400	46,736	47,644	57,044	63,708	65,417	68,705	64,363	45,313	48,310	48,802	44,845	45,053	44,873	40,427	36,527	36,821	36,821	36,821
Apparel and Other Textile Products	8,097	8,276	8,098	7,827	8,276	7,843	8,248	10,046	9,715	9,001	8,608	10,184	11,028	10,217	10,519	10,519	10,519	11,582	11,656	11,652	12,357	12,357	12,357
Printing and Publishing	8,027	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413	8,413
Automotive	15,108	11,718	11,898	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437
Others - Non Durable	13,112	13,221	11,246	8,884	11,898	11,898	11,898	11,898	12,812	12,812	12,812	10,040	12,798	13,186	13,186	13,186	13,186	13,186	13,186	13,186	13,186	13,186	13,186
Durable	41,815	45,497	33,448	30,838	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656	38,656
Electronics Trade	60,794	60,808	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812	60,812
Transportation and Utilities	18,199	15,497	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836
Communication	18,400	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836
Others	18,400	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836	18,836
Total Industrial Employment																							
	166,899	166,823	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747	154,747

Source: Association of Bay Area Governments



APPENDIX B: HOUSEHOLD AND LABOR FORCE TRENDS

Several trends dramatically changed traditional ratios of persons per household and employed residents per household over the past 25 years. Table B.4.1 shows the changes in the Bay Area since 1970, and the ABAG projections for the years 2000 and 2010. Data is also shown for San Francisco County.

TABLE B.4.1.
TRENDS IN HOUSEHOLD SIZE AND EMPLOYED RESIDENTS: 1970-2010

	Bay Area			San Francisco County	
	Persons/ Household(HH)	Employed Persons/HH	% of population employed	Persons/ Household	Employed Persons/HH
1970	2.90	1.21	40.6%		
1980	2.58	1.30	49.3%	2.19	1.16
1990	2.61	1.40	52.3%	2.29	1.28
2000	2.75	1.38	49.2%	2.40	1.25
2010	2.71	1.40	50.6%	2.35	1.25

Source: US Census and ABAG Projections 96

From 1970 to 1980, average household size in the region declined significantly while the proportion of employed persons per household increased. The result is that an increasing proportion of the total population was in the labor force and employed. In 1970, only 40.6% of the population was employed; by 1990 this had increased to more than 52% of the population. Forecasts are for this ratio to decline slightly by the year 2000 and then start increasing gradually.

While San Francisco has a substantially lower average household size than the region, the proportion of the San Francisco population that is employed is also approximately 50%. Another useful measure is the number of employed residents per household with employed residents. This deducts the number of households with only students, retired people, or unemployed persons. Unfortunately, the 1990 Census only tabulated the number of families with no income earners, not the number of households. For San Francisco County, approximately 15% of family households had no employed person. Another census question asked what percent of households had income earnings, and what percent had welfare, retirement, no income, etc. Approximately 21% of San Francisco households had no earned income in 1990. If one subtracts the number of households without earned income, the ratio of employed residents per household with employed residents (worker households) was 1.56, which is calculated by dividing the 378,921 employed San Franciscans by 242,880 households with employment income. An equivalent ratio for 1980 was approximately 1.5 employed residents per worker household, slightly lower than the current ratio. The average number of San Franciscans working in

San Francisco per worker household in 1990 was 1.27, after subtracting the number of San Francisco residents who work in other counties.

Given the regional forecasts which predict relative stability in persons per household and employed persons per household, it seems reasonable to project that the ratio of workers per household will not change during the next 10-15 years. Characteristics of San Francisco households do not mirror the regional trends; residents include both higher proportions of immigrants with large families and singles or couples without children. High housing prices may encourage older households to retire to lower cost areas. Relative to the past 20 years, a higher proportion of new jobs may be in lower income service categories rather than higher paying office jobs.

According to ABAG's *Projections 96*, the proportion of San Francisco population which is 65+ is expected to increase slightly from 1990 to 2000, from 14.6% to 15.1%, but rise to 17.2% by the year 2010. Taking this as a correlate of households without workers, the number of employed residents per worker household will have to increase slightly to keep the average number of employed residents per household at 1.25, as shown in the table above. If the percentage of households with no workers increases by two percent, the number of employed residents per worker household would increase from 1.56 to 1.63.

Labor force participation ratios tend to correlate with ratios of employed residents to overall population. According to ABAG *Projections 96* data, the overall 1980 labor force participation rate for San Francisco was 62.3% of those 15+. The comparable ratio for 1990 was 65.8%, mirroring the increase in employed persons per household. Projections for 2000 are that 64.2% of those in the age bracket will be in the labor force; for 2010 it will be 64.9%. The conclusion is that changes in relative labor force participation rates will not be significant during the next 15-20 years.

APPENDIX C: COMMUTE RELATIONSHIPS AND TRENDS

The attached table shows the trends and forecasts for residence location for those who work in San Francisco. The data base is from MTC and ABAG based on past census data and ABAG Projections 96 for the future.

San Francisco Workers

Along with the reduction of proportion of San Francisco employed residents working in San Francisco, the proportion of all San Francisco jobs held by residents dropped dramatically from 1970 to 1980, dropping from residents holding 62.6% of San Francisco jobs to 56% during that decade. From 1980 to 1990, the proportion of San Francisco jobs held by San Francisco residents dropped by less than one percent. The ABAG/MTC (Projections 96) forecasts anticipate this ratio to remain constant at approximately 55% of San Francisco jobs held by local residents. Although a slight decrease in San Francisco employed residents working in the county was forecast from 1990 to 2000, San Francisco residents were forecast to represent 61% of the increment of new job holders in the County from 2000 to 2010.

The largest increases in the level of commute to San Francisco occurred from 1970 to 1980, and consisted of residents of Alameda and Contra Costa counties, followed by Marin and San Mateo. The data suggests that the opening of Transbay BART service during the 1970's may have had considerable impact on workplace and residence location among workers both in the East Bay and in San Francisco.

The 1980 Census had a question on work location that itemized both central city and CBD. Unfortunately, the 1990 Census only asked about central city work location so does not provide comparable information. From the 1980 census, one can determine that 33% of San Francisco and San Mateo County residents who worked in San Francisco worked in the financial district, while the proportion for Marin County residents who commuted to the City was 41%. For commuters from Alameda County, 47% of those destined for San Francisco went to the CBD; Contra Costa County was the high with 55% going to the CBD. Overall, 37% of all San Francisco jobs were in the CBD in 1980.

The 1992 Citywide Travel Behavior Survey contains mode split data by origin and by land use activity, but does not relate land use activity or work location by origin point. Of persons who responded to the employee survey, approximately 50.5% lived in the City, below the 55% cited in the Census/MTC data shown in the tables above. It unfortunately is not possible to determine residence location by land use activity information from the CTBS survey, and no other data on this topic is readily available.

From the 1980 Census data which indicates that East Bay commuters to the City have the highest likelihood of working in the CBD, the fact that transit mode split is highest for office land uses and for East Bay commuters (CTBS), and that office uses are predominant in the CBD, one can surmise that a higher proportion of office workers live outside San Francisco relative to workers in retail,

industrial/warehouse, hotel, and cultural/institutional land uses. However, the data does not allow us to project specific residential location data by land use activity. We would estimate that hotel and retail workers are most likely to live in San Francisco, but cannot document it from the available data. The tables from the Transbay Area Plan validate the conclusion. For the C-3 East area (east of Kearny) where office uses certainly predominate, only 43.2% of the workers were San Francisco residents (compared to 54.1% citywide), while East Bay and North Bay residents were over-represented compared to their proportion of the entire San Francisco workforce (31.4% versus 21.9% for East Bay, 10.1% in C-3 versus 8.0% in San Francisco for North Bay).¹

This data on residence of C-3 East area workers is relatively consistent with the analysis in the 1984 *Summary of the Economic Basis for an Office-Housing Production Program* which forecast that the proportion of C-3 District office workers who lived in San Francisco would decline from 51.6% in 1981 to 45% in 2000. The analysis calculated that the net increment of C-3 District office workers living in San Francisco would be 31%, a factor that would bring the overall average down from 51% to 45% as cited. In the current assessment, the data projects that 55% of additional workers in San Francisco will be City residents, but there is no differential assessment for office and other types of workers. Since the data does show greater in-commutes among C-3 District workers than among those working elsewhere in the City, San Francisco residents may represent 65% of additional workers in some land use activity and locational categories, and 30% to 40% of the increment for office workers in the C-3 District.

Unfortunately, much of the most precise data that was used for the 1984 OAHPP seems to have come from the downtown EIR which was conducted in the early 1980's. The City has not repeated the effort or collected comparable data in recent studies so it is difficult to directly update some of the data drawn from that study.

¹ San Francisco Planning Department, Transbay Area Plan, Table 13.

TABLE B.2.1. WORK AND RESIDENCE LOCATION

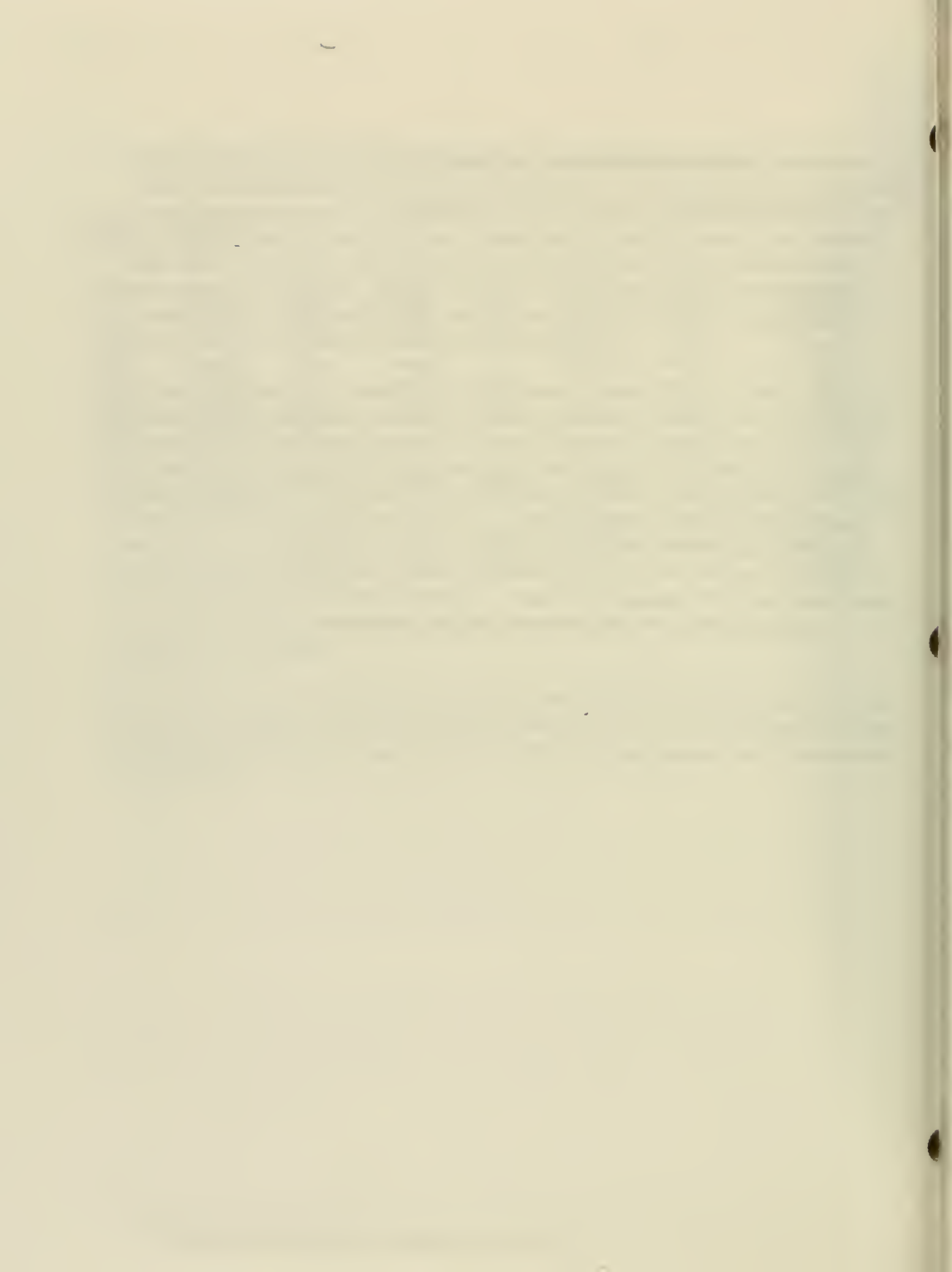
RESIDENCE LOCATION OF SAN FRANCISCO EMPLOYEES

	1970	1980	1990	2000	2010	Change 1970-1990	Change 1990-2010
San Francisco	283184	284297	307377	306456	328328	8.54%	6.82%
San Mateo	67723	78706	79022	76420	77905	16.68%	-1.41%
Santa Clara	9052	7438	7594	8059	3022	-16.11%	5.64%
Alameda	35197	50895	60797	61366	66968	72.73%	10.15%
Contra Costa	20491	38236	47714	55090	59312	132.85%	24.31%
Solano	1249	4371	9829	10695	11312	686.95%	15.09%
Napa	458	549	1044	990	883	127.95%	-15.42%
Sonoma	3652	6489	8357	7972	8684	128.83%	3.91%
Marin	31191	37662	33673	32676	34139	7.96%	1.38%
Total	452197	508643	555407	559724	595553	22.82%	7.23%

Proportion of SF Jobs Held by SF Residents

SF res./jobs	62.62%	55.89%	55.34%	54.75%	55.13%
increment		1.97%	49.35%	-21.33%	61.05%

Source: Gabriel-Roche Inc. from MTC Projections and ABAG Projections 96



APPENDIX D: HOUSING PRODUCTION AND CONDITIONS²

Overall Housing Production

Table B.5-1, San Francisco Housing Stock Changes, presents the numbers of units completed, demolished, and altered per year for the years 1976 through 1995, along with the net changes. During the twenty year period the City realized a net gain in units each year, with the net change varying from a high of 2,345 units in 1989 to a low of 288 units in 1993. The average net change was 1,158 units.

During the twenty year period the highest production year occurred in 1989 when 2,573 new units were completed, and the lowest in 1993 when 379 were completed. The two lowest production years in the 20 year period were 1993 in which the 379 units were produced, and 1995, in which 532 units were produced. Both these years were during a period of strong recession in the real estate industry. The strongest phase was clearly 1985 through 1991, a seven year period when net growth in the housing stock was well above the 20 year average.

The average number of new units completed per year during the twenty year period was 1,330 units. The four year period from 1992 to 1995 averaged 728 new units per year compared to an average 2,132 new units per year for the four years preceding that. This represents a recent decline in housing production, a portion of which can be attributed to the fact that construction of large multi-unit projects peaked between 1988 and 1991 when large mixed-use residential developments were completed in San Francisco Redevelopment areas and in mixed use commercial districts. The decline is also representative of the general decrease in large scale real estate development in recent years. The increase in 1994 was due to the completion of a number of large affordable housing projects.

Production by Building Type

Table B.5-2, Units Completed by Building Types, presents the yearly number of units completed by building types for the ten-year period of 1986 through 1995. During that ten year period, buildings with 20 or more units have consistently represented the largest category of units built. Over the ten years, units in buildings with 20 or more units represented 67% of the units built, while those in 3 to 9 unit structures represented 12 percent, 2 unit structures 8%, single family residences 7%, and 10 to 19 unit structures 6%.

²The major source of information for this section is Housing Inventory Report; Planning Department, City and County of San Francisco; May, 1996.

Production by Level of Affordability

Table B.5-3, New Income-Restricted Affordable Housing Construction, presents the number of new income-restricted units produced by year for the years 1980 through 1995 according to level of affordability. During the period of 1980 through 1989 affordable³ units represented 24% of the units constructed. During the period of 1990 through 1995 the percentage of affordable units produced compared to total units constructed increased to 31%. The average number of affordable housing units produced per year also increased during this period, with an average of 358 affordable units being produced per year from 1990 to 1995 compared to an average of 332 units per year from 1980 to 1989.

Table B.5-4, Major New Income-Restricted Affordable Housing Construction by Bedroom Size, 1990-1995, indicates that the largest category of affordable housing production during this period was in the two-bedroom category. Approximately 29% of the new units produced in major affordable housing developments during this period were 2-bedroom units. The next highest categories were in three and more bedroom units, at 23%, Single Room Occupancy units, at 21%, one-bedrooms at 15%, and studios at 11 percent.

According to San Francisco Planning Department data, San Francisco's universe of restricted affordable housing units consisted of 29,730 units as of February 1997. Approximately 1,830 units, or 6.1% of the affordable units, are "inclusionary" units, constructed by the private sector without public subsidy. The majority of these units are located within redevelopment project areas which have requirements regarding percentages of all housing development within such areas which must be affordable. The remaining units were provided as a result of planning regulations which require that certain percentages of affordable housing be made available under certain development conditions. Of the total of just under 30,000 affordable units, 3,313, or 11.1%, are within the boundaries of redevelopment project areas.

Vacancy Rate

The Residence Element 1992 annual Evaluation Report reported a 4.2% citywide vacancy rate in 1989. The 1990 Census reported a 6.97% vacancy rate, or 22,887 units. According to the 1995 Consolidated Plan, prepared by the Mayor's Office of Housing, this vacancy rate was high due to the inclusion of 2,797 damaged units resulting from the Loma Prieta earthquake which took place shortly before the census was taken; 2,679 newly constructed units not yet completed; 1,477 vacant tourist hotel rooms in residential hotels; and 2,817 vacant vacation homes or executive suites, which are not typically available to the general public. According to the Consolidated Plan no other accurate vacancy data is available. However, the California Department of Finance also generates annual vacancy data.

³ Affordable units are defined as very low, 50% of HUD median income; low, 80% of HUD median income; and moderate, 120% of HUD median income.

The annual survey indicated vacancy rates of 6.98% for 1992, 6.71% for 1993, 6.62% for 1994, 6.34% for 1995, and 7.34% for January 1996.⁴

Rent Levels and Purchase Prices

After growing at a high rate from the mid-1979's to 1990, Bay Area and San Francisco home prices went through a period of correction and stabilization that lasted for five to six years. Increasing demand seems to be resulting in the beginnings of some price escalation once again, but the degree of price increases will depend on the growth in the economy and the ability to build additional housing, both in San Francisco and throughout the region.

The median home values reported by the Census of Population and Housing were \$104,600 in 1980 and \$298,900 in 1990, an increase of 186% during the decade. According to data compiled by the Real Estate Research Council (RERC) of Northern California, the average market price of single family homes in San Francisco decreased to \$250,000 in 1994, before recovering slightly to \$257,000 by the 1st quarter of 1996. The 1996 average price in San Francisco compares to a Bay Area nine county average price of \$224,000, which ranged from a high average price of \$323,000 in Marin County to a low of \$141,000 in Solano County.

Data from the San Francisco Board of Realtors has tracked the sale prices for a three bedroom home in San Francisco. In contrast to the RERC data, it shows a smaller proportionate drop in home prices, from \$300,000 in 1989 to \$270,000 by 1994, before increasing again to \$313,100 by 1995.

Rental data also indicates escalating prices, although relative to home prices, rents did not increase as fast from 1980 to 1990 and did not go through the significant dip of sales prices, being higher in 1996-97 than they were in 1990. According to Census data, median rent in San Francisco went from \$267 in 1980 to \$613 by 1990. While a dramatic increase, the 130% increase in rent was much below the 186% increase in housing prices.

Surveys by the Bay Area Council found that the Citywide market rate average rent for an advertised two bedroom apartment in San Francisco was \$928 in 1990. Rents varied significantly by area, with a range from highs of \$1,450 in Northeast San Francisco and \$1,200 in the Marina to less than \$800 in the Mission, South Central and South Bayshore areas. Some estimates indicate a 20% increase in average rents from 1990 to 1995; the Bay Area Council's rent surveys indicated the \$928 Citywide average for advertised vacancies in 1990 increased to \$1,075 by 1995, an increase of just under 16%.

⁴ California Department of Finance, California Population and Housing Estimate, Report E-5.

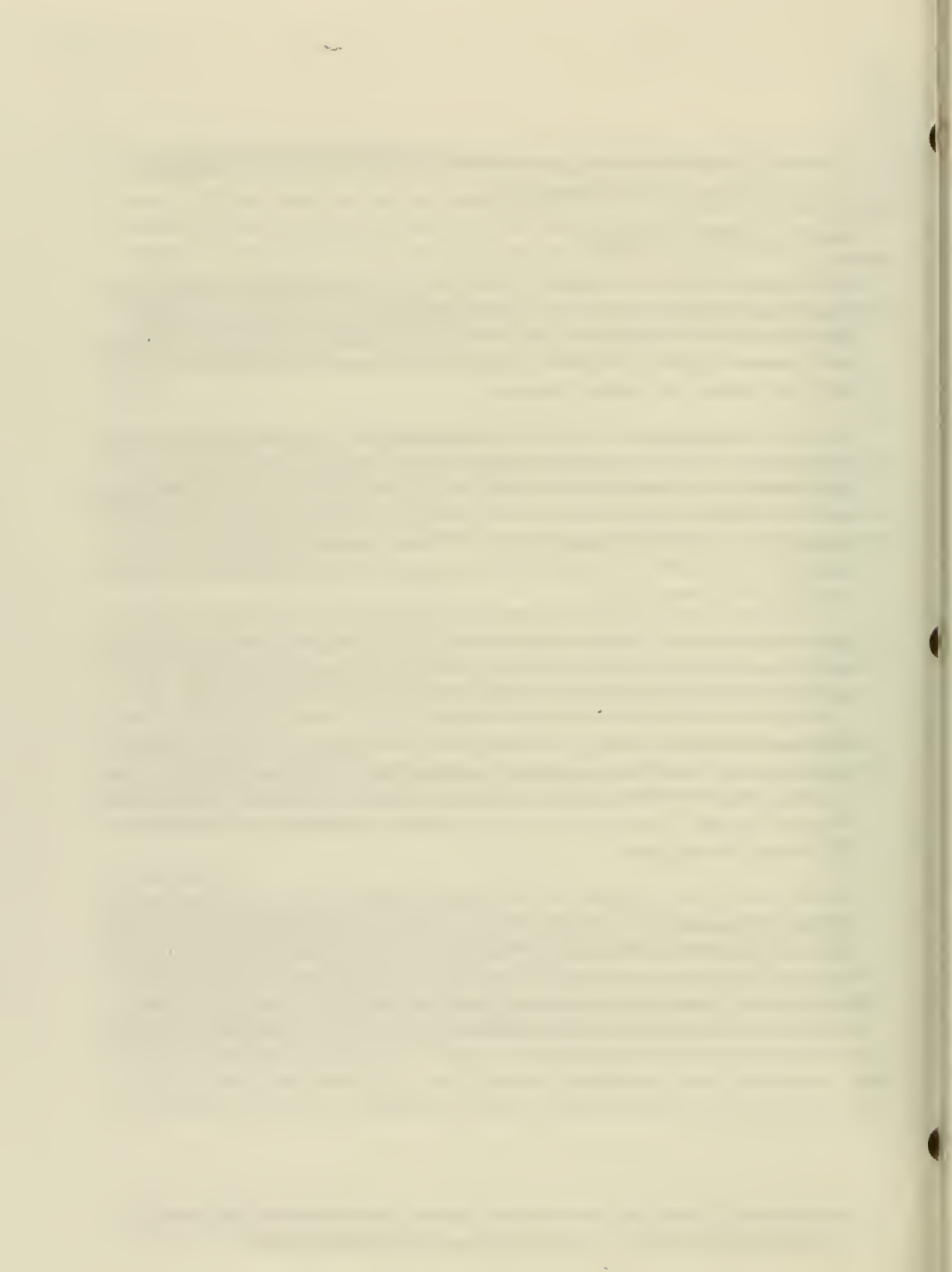


TABLE B.5-1
SAN FRANCISCO HOUSING STOCK CHANGES
1976 - 1995

Year	Units Approved/ Bld. Permits	Units Completed New Const.	Units Demolished	Net Gain or (Loss) by Alterations	* Net Change
1976	1,622	1,480	707		773
1977	1,536	1,616	136		1,480
1978	2,045	1,375	174		1,201
1979	1,833	1,516	114		1,402
1980	1,202	980	128		852
1981	1,242	780	288		492
1982	1,215	589	42		547
1983	1,167	1,400	233		1,167
1984	1,313	790	79		711
1985	1,479	1,568	105		1,463
1986	2,037	1,507	173		1,334
1987	2,442	1,553	127		1,426
1988	2,148	2,011	104		1,907
1989	1,508	2,573	228		2,345
1990	1,332	2,065	433	105	1,737
1991	987	1,882	90	(60)	1,732
1992	629	767	76	34	725
1993	1,001	379	26	(65)	288
1994	948	1,234	25	(23)	1,186
1995	525	532	55	(76)	401
Total	28,211	26,597	3,343	(85)	23,169
Average	1,411	1,330	167	(4)	1,158

*The net change is units legally completed minus units demolished. Beginning in 1990, the net change includes units gained or lost by alteration permits. Illegal conversions or residential hotel unit conversions are not included. Source: Housing Information Series; Changes in the Housing Inventory for 1995; San Francisco Planning Department; page 6.

TABLE B.5-2
UNITS COMPLETED BY BUILDING TYPES
1986 - 1995

Year	Single Family	2 Units	3 to 9 Units	10 to 19 Units	20 or More Units	TOTAL U N I T S
1986	172	176	217	38	904	1,507
1987	83	200	215	64	991	1,553
1988	191	262	361	76	1,121	2,011
1989	133	122	252	158	1,908	2,573
1990	89	48	190	156	1,582	2,065
1991	79	62	129	87	1,525	1,882
1992	111	100	96	79	381	767
1993	51	74	56	36	162	379
1994	63	62	121	16	972	1,234
1995	69	54	89	89	231	532
Total	1,041	1,160	1,726	799	9,777	14,503
Percent	7%	8%	12%	6%	67%	100%
Average	104	116	173	80	978	1,450

Source: Housing Information Series: Changes in the Housing Inventory for 1995; San Francisco Planning Department; page 12.

TABLE B.5-3
NEW INCOME-RESTRICTED AFFORDABLE HOUSING CONSTRUCTION
By Income Level*

Year	Very Low*	Low	Moderate	Market Rate	Total Units	Total Affordable units	%
1980-1989	1,518	1,013	793	10,427	13,751	3,324	24%
1990	278	180	0	1,607	2,065	458	22%
1991	203	154	32	1,493	1,882	389	21%
1992	16	180	54	517	767	250	33%
1993	108	0	0	271	379	108	28%
1994	686	86	4	458	1,234	776	63%
1995	82	80	10	360	532	172	32%
80-95 Total	2,891	1,693	893	15,133	20,610	5,477	27%
Average	181	106	56	946	1,288	342	27%

*Very Low: 60% of HUD median income; Low, 80% of HUD median income; and Moderate, 120% of HUD median income. Very low includes extremely low income.

Source: Housing Information Series: Changes in the Housing Inventory for 1995; San Francisco Planning Department; page 28.

TABLE B.5-4
MAJOR NEW INCOME RESTRICTED AFFORDABLE HOUSING CONSTRUCTION
BY BEDROOM SIZE: 1990-1995

0 BR	1 BR	2 BR	3+ BR	Live/Work	Single Room Occupancy	Total
185	255	499	397	29	362	1,727
10.7%	14.8%	28.9%	23.0%	1.7%	21.0%	100%

Source: Gabriel-Roche, Inc. from Housing Information Series: Changes in the Housing Inventory for 1995, San Francisco Planning Department, pages 49-51.

B.6 Projections of Housing Production³

Overall Housing Production

The total number of units approved for development by the San Francisco Planning Department in 1995 was 20% lower than the number of units approved in the two prior years. The department approved approximately 1,200 units in 1995, a decrease from approximately 1,500 units in both 1993 and 1994. As of April of 1996 the department had 627 units under review in projects of 10 or more units. The 627 units were in 11 projects. The number of units going into the department for review during 1995 and the early part of 1996 tended to be fewer and in smaller projects than in the immediate prior years.

Similar to the decrease in units under Planning Department review, the number of units with permits issued by the Building Department decreased in 1995. Only 515 units were issued such permits, a decrease from 948 units in 1994 and 1,001 units in 1993. The previous low was in 1992 when 629 units received building permits, and the previous high was in 1987, when 2,442 received permits. The ten year average through 1995 was 1,450 units per year.

According to the Planning Department, in recent years a number of approved projects have not been financed. This fact, along with the decreases in volumes of units under review and permits issued, indicates that housing production will remain low unless permit activity increases or financing for major projects improves.

³The major source of information for this section is Housing Inventory Report, Planning Department, City and County of San Francisco; May, 1996.

Applying the projected growth of households from ABAG's *Projections 96*, San Francisco should produce 6,550 units from 1995 to 2000, or 1,310 per year, including a 4% vacancy rate, for the 6,300 additional households anticipated. From 2000 to 2010, 15,470 additional households are anticipated, thus production of 1,610 units per year would provide sufficient additional units including the vacancy factor. Taking into consideration the actual housing production, 1430 units per year from 1988 through 1995, the number of units in the pipeline as of April, 1996, and the 1995 to 1996 decrease in units in the pipeline, it can be concluded that unless conditions change the number of additional units required based on ABAG population projections will not be met. ABAG has not updated its projections of affordable housing needs.

Affordable Housing Production

Table B.6-1 indicates that as of April 1, 1996, 1,224 units of income-restricted affordable housing were under review, approved, or under construction. With that number of units in the pipeline it can be assumed that the average number of affordable units built during the last five years (358) will at least be met if not exceeded. The table also indicates that as with affordable housing production in the past, the majority of the units in the pipeline are slated for very low and low income residents.

Even though it can be anticipated that the production of affordable housing units over the next several years will remain at its current level, there are approximately 8,000 of the existing 30,000 affordable housing units which are at risk of losing their subsidy and going to market rate. These are project-based Section 8 units which were built during the 1970's and 1980's with 15 and 20 year subsidies. Although to date none of the projects which have already reached the end of their subsidies have converted to market rate, the prospect remains that many of the 8,000 units may convert to market rate over the next several years. The federal government has taken interim steps to address this nation-wide problem; however, the potential costs for fully addressing the problem are very high, the government has not come up with a permanent solution, and the risk remains.

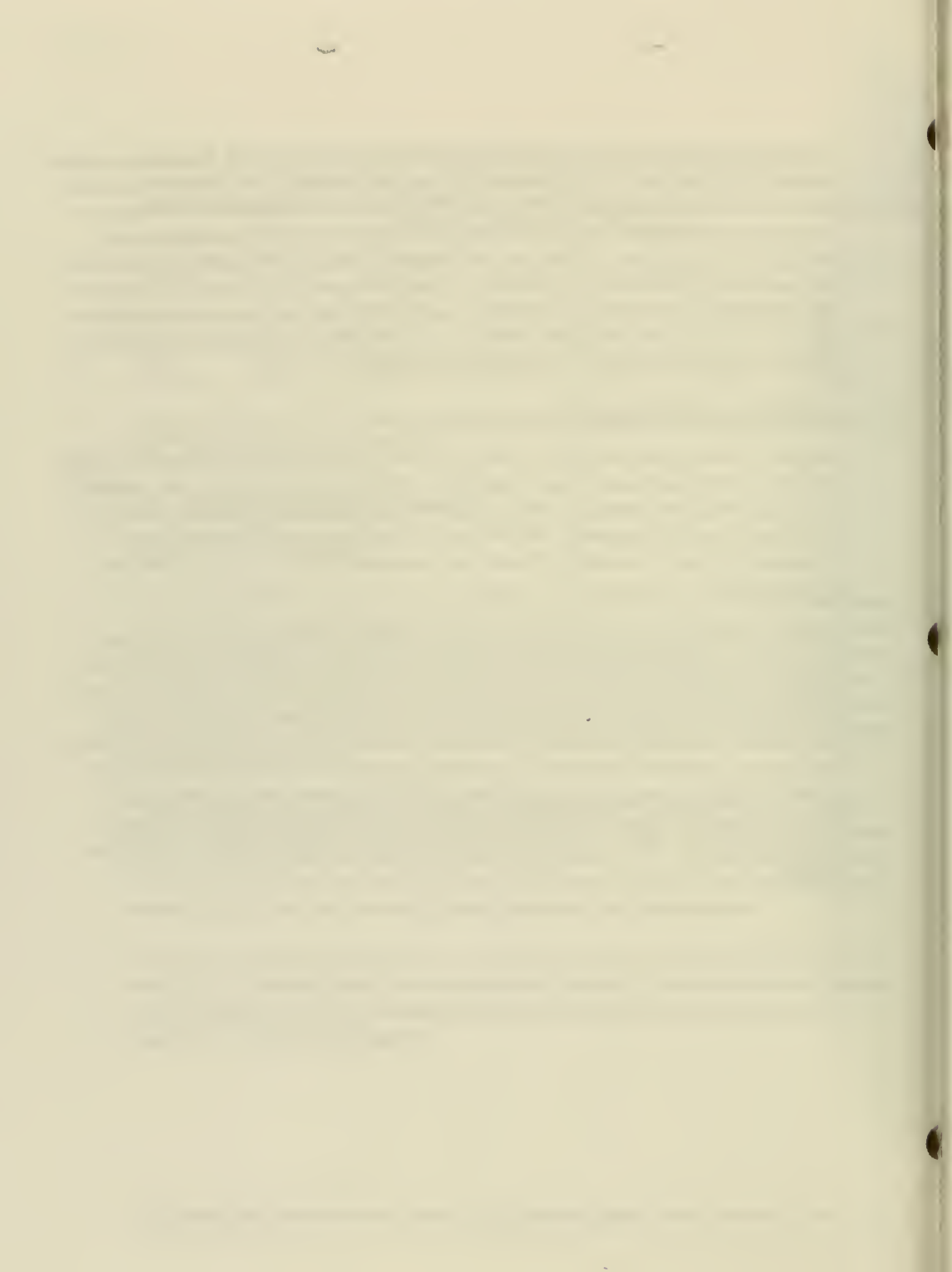
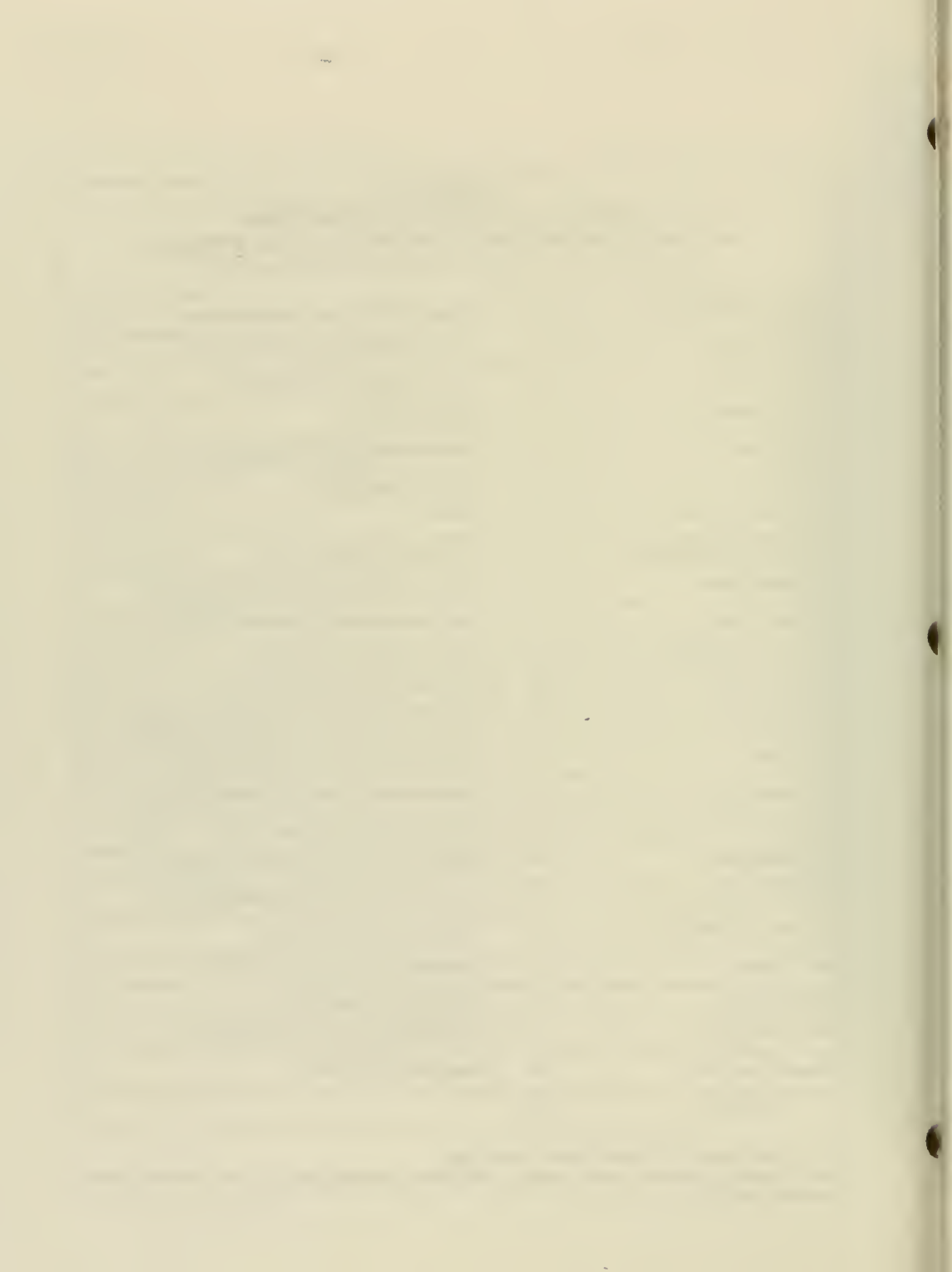


TABLE B.6-1
AFFORDABLE HOUSING CONSTRUCTION
MAJOR INCOME-RESTRICTED PROJECTS IN THE PIPELINE
 Projects Under Review, Approved, or Under Construction as of 4/1/96

Projects Address/Name	Units	Type of Units/Income Level/Sponsor
214 Haight Street	12	Group Housing, Walden House adolescent
301 Ellis Street	93	Very low income, Catholic Charities
1096 Eddy Street	21	Progress Foundation
1550 Fell Street	70	Group housing, Hamilton Family Center
185 7 th Street	29	Very low income, HDNP
3 rd & Armstrong Street	53	SFHDC
100 Alemany/Market Heights	46	Family rental low income, BHCF
1171 Mission Street	30	Women very low income, St. Anthony Foundation
974 Howard Street	24	Very low income for disable persons, TODCO
1010 S. Van Ness Avenue	30	Very low income, rental, MHDC
101 Valencia Street	118	Family rental very low income, HDNP
1290 Potrero & 25 th	20	Family rental-extremely low income, MHDC, SFRA
240 4 th Street	30	SRO, elderly rental very low income, TODCO
151 Leland Avenue	51	Special population, Hospice By The Bay, SFRA
670 Valencia	50	Elderly rental very low income, MHDC
347 Dolores Street	65	Elderly rental very low income, Mercy Family H.
835 O'Farrell Street	74	Formerly homeless persons and families, CHP
1 Columbus Avenue/I Hotel	104	Elderly very low income, CCHC
5545 3 rd Street	53	Affordable housing for seniors, BRIDGE
150 Bitton Street	92	Affordable rental units, HCDC
29 th & Church Street	39	Some affordable units, Archdiocese of S.F.
Fillmore Market Place	120	Family low income, SFRA
Total Units	1,224	

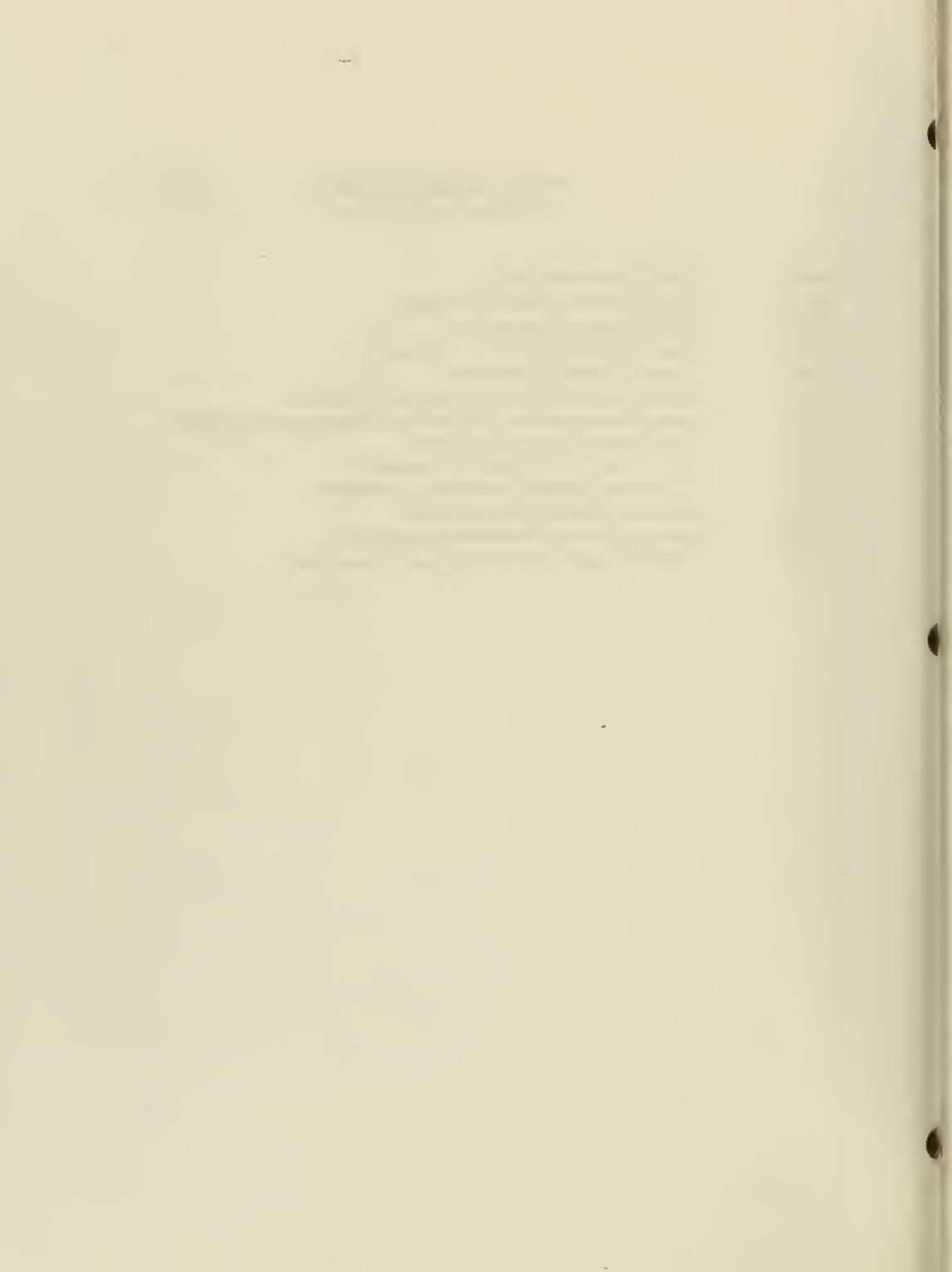
Note: Project Sponsor abbreviations included on next page.

Source: Housing Information Series: Changes in the Housing Inventory for 1995; San Francisco Planning Department; page 58.



**Project Sponsor Abbreviations
Indicated on Table B.6.1**

AI	- Asian Inc.
AND	Asian Neighborhood Design
BHCF	Bernal Heights Community Foundation
BRIDGE	BRIDGE Housing Corporation
CCHC	Chinese Community Housing Corporation
CHP	Community Housing Partnership
HCDC	Housing Conservation and Development Corporation
HDNP	Housing Development and Neighborhood Preservation Corporation
MCH	Mercy Charities Housing Corporation
MHDC	Mission Housing Development Corporation
SFHDC	San Francisco Housing Development Corporation
SFRA	San Francisco Redevelopment Agency
TODCO	Tenants and Owners Development Corporation
TNDC	Tenderloin Neighborhood Development Corporation



APPENDIX E: INCOME BY LAND USE ACTIVITY

The table below illustrates average wage by land use activity.

TABLE C.6.b.1. SAN FRANCISCO WAGES BY LAND USE ACTIVITY: 1995								
	Office	Retail	Industrial	Hotel	Cultural/I nstitut	Govern.	Other	Total
'95 Wages (1)	\$8,530	\$1,628	\$4,873	\$418	\$3,481	\$1,546	\$47	\$20,431
'95 Employment	167,379	81,878	114,007	18,287	109,546	31,624	1,383	524,104
Ave. Wage	\$50,962	\$19,883	\$42,743	\$22,858	\$31,777	\$48,887	\$33,984	\$38,983

Note: '95 Wages in current millions of dollars

Source: San Francisco Planning Department, 1996

Commerce and Industry Inventory, tables 3.1.1 and 5.1.1

The attached list provides estimated 1997 Occupational Wages for San Francisco. This was compiled from EDD data. The data was updated from San Francisco, Alameda, or San Mateo County wages and increased by 3% a year from 1993 or 1994 to 1996, and then increased by 1.7% to project for 1997. Hourly wage rates were multiplied by 2000 to derive an annual income.

TABLE C.6.B.2. 1997 OCCUPATIONAL WAGES FOR SAN FRANCISCO (1)					
OES Code	Occupational Title	Average 1996 Wage	Estimated 1997 Wage (2)	Annual Equivalent	Average
Managers and Administrative Occupations					
130020	Financial Managers	\$26.30	\$26.75	\$53,494	
130110	Marketing Pr Managers	\$17.20	\$17.49	\$34,985	
130140	Admin. Services Manager	\$19.00	\$19.32	\$38,646	
150170	Construction Managers	\$23.70	\$24.10	\$48,206	
150230	Comm/Util. Oper. Manager	\$23.00	\$23.39	\$46,782	
150261	Food Service Manager	\$12.50	\$12.71	\$25,425	
150262	Lodging Manager	\$13.20	\$13.42	\$26,849	
					\$39,198

Professional and Technical Occupations

211080	Loan Officer	\$15.50	\$15.76	\$31,527	
211140	Accountants	\$14.38	\$14.62	\$29,249	
213080	Purchasing Agent	\$15.20	\$15.46	\$30,917	
225140	Drafters	\$13.60	\$13.83	\$27,662	
251051	Computer Programmers	\$20.30	\$20.65	\$41,290	
283050	Paralegal Personnel	\$16.20	\$16.48	\$32,951	
313021	Preschool Teacher	\$9.40	\$9.56	\$19,120	
313022	Kindergarten Teacher	\$12.97	\$13.19	\$26,376	
313050	Teacher	\$13.83	\$14.07	\$28,130	
315020	Librarian	\$17.00	\$17.29	\$34,578	
315211	Instructional Aide	\$10.00	\$10.17	\$20,340	
323050	Occupational Therapists	\$23.20	\$23.59	\$47,189	
325050	Licensed Voc. Nurse	\$15.70	\$15.97	\$31,934	
325110	Physicians Assistant	\$26.40	\$26.85	\$53,698	
325181	Pharmacy Technicians	\$14.00	\$14.24	\$28,476	
329050	Medical Assistant	\$13.10	\$13.32	\$26,645	
329110	Medical Record Tech.	\$10.50	\$10.68	\$21,357	
340050	Technical Writer	\$15.40	\$15.66	\$31,324	
					\$31,265
Sales and Related					
430020	Insurance Sales Agent	\$13.60	\$13.83	\$27,662	
490112	Retail Sales Agent	\$6.65	\$6.76	\$13,526	
490140	Parts Salesperson	\$11.50	\$11.70	\$23,391	
490170	Counter Clerks	\$9.30	\$9.46	\$18,916	
490210	Stock Clerks	\$7.70	\$7.83	\$15,662	
490230	Cashiers	\$6.50	\$6.61	\$13,221	
490230	Cashiers - union	\$11.00	\$11.19	\$22,374	
					\$19,250
Clerical and Administrative Support					
510020	Clerical Supervisors	\$15.25	\$15.51	\$31,019	
531020	Teller	\$8.80	\$8.95	\$17,899	
531050	Account Clerks	\$9.77	\$9.94	\$19,872	
531210	Loan Clerk	\$12.33	\$12.54	\$25,079	
535080	Bill Collectors	\$11.63	\$11.83	\$23,664	

533020	Insurance Adjustor	\$18.50	\$18.82	\$37,631	
533110	Insurance Clerk	\$13.19	\$13.41	\$26,824	
538050	Reservation Agent	\$10.40	\$10.58	\$21,154	
538080	Hotel Desk Clerk	\$13.40	\$13.63	\$27,256	
539140	Real Estate Clerks	\$13.60	\$13.83	\$27,662	
551020	Legal Secretary	\$19.20	\$19.53	\$39,053	
551050	Medical Secretary	\$10.65	\$10.83	\$21,662	
551080	General Secretary	\$12.20	\$12.41	\$24,815	
553050	Receptionist	\$10.30	\$10.48	\$20,950	
553070	Typist/Word Processor	\$14.00	\$14.24	\$28,476	
553140	Personnel Clerks	\$12.50	\$12.71	\$25,425	
553410	Payroll Clerks	\$13.20	\$13.42	\$26,849	
553440	Billing Clerks	\$12.30	\$12.51	\$25,018	
553470	General Office Clerk	\$9.90	\$10.07	\$20,137	
560110	Computer Operators	\$13.50	\$13.73	\$27,459	
560170	Data Entry Keyer	\$9.30	\$9.46	\$18,916	
580050	Dispatcher	\$10.90	\$11.09	\$22,171	
580280	Shipping Clerk	\$9.80	\$9.97	\$19,933	
					\$25,171
Service Occupations					
630470	Guards	\$10.40	\$10.58	\$21,154	
650260	Cooks	\$9.80	\$9.97	\$19,933	
650380	Food Prep. Workers	\$7.70	\$7.83	\$15,662	
660020	Dental Assistant	\$12.20	\$12.41	\$24,815	
660080	Nurse Aides	\$6.88	\$7.00	\$13,994	
660110	Home Health Care Worker	\$10.30	\$10.48	\$20,950	
660171	Physical Therapist Assist.	\$19.20	\$19.53	\$39,053	
660172	Physical Therapist Aides	\$10.60	\$10.78	\$21,560	
670050	Janitor	\$10.30	\$10.48	\$20,950	
680050	Hairdressers	\$11.10	\$11.29	\$22,577	
680380	Child Care Workers	\$7.40	\$7.53	\$15,052	
					\$21,427

Production, Construction, Operating Occupations					
857050	Equipment Repairers	\$11.25	\$11.44	\$22,883	
897990	Desktop Graphic Design	\$10.90	\$11.09	\$22,171	
899210	Dental Lab Tech	\$10.50	\$10.68	\$21,357	
925430	Printing Press Operators	\$12.30	\$12.51	\$25,018	
					\$22,857

(1) California Employment Development Department (EDD)

(2) 1.7% growth factor from Bureau of Labor Statistics

(3) California EDD Labor Market Information Division

APPENDIX F: AFFORDABILITY GAPS

A key component of the OAHPP analysis is the calculation of the size of the gaps between what households can afford and the cost of producing additional housing in San Francisco. This analysis uses a relatively standard methodology to determine the housing that a variety of size households can afford, and compares that to the cost of providing additional housing. The analysis is conducted for various household sizes that meet HUD standards at very low, low, and moderate income criteria. Consideration is also given to the cost of producing both sales and rental housing.

Definitions and Assumptions

There are many definitions and assumptions that must be clarified to follow the analysis.

Income. Definition of income limits for housing programs are set by HUD for each metropolitan area. For 1997, 100% of median income for San Francisco is cited as \$64,400 for a four person household.⁶ A very low income household is defined as one earning less than 50% of median household income, a low income household as one between 50% and 80% of median income, and a moderate income household is one earning 80% to 120% of median income. Median income for smaller households is factored down, thus the median income for a three person household is defined as 90% of that of a four person household, while median income for a single person household is 70% of that of a four person household.

For this analysis, calculations of housing affordability were calculated for a very low income household earning 35% of median income, a low income household earning 70% of median income, and a moderate income household earning the median income.

Housing Expenditure. Maximum monthly rent for various income categories was calculated as 30% of monthly income, including the payment of utilities. The utility allowance is based on figures derived from the HUD Section 8 program. Rent limits were set for unit sizes and various income levels, with utilities amounting to \$30 per month for a studio, \$40 for a one-bedroom, \$63 for a two-bedroom unit, and \$85 for a three-bedroom rental unit.⁷ The occupancy standard used for the analysis is one person per bedroom plus one additional person. Thus, it is assumed that a studio is occupied by one person, a two-bedroom unit by three persons, and a three-bedroom unit by a household of four persons.

For calculating maximum purchase price limits for for-sale housing, a key assumption is that 33% of income can be devoted to housing expenses, including payment of mortgage, property taxes, insurance, mortgage insurance, and homeowner fees. A slight modification of the formula used by the Mayor's Office of Housing was utilized, based on inputs from the consultant team and the Redevelopment Agency. A down payment of 5%, a 30 year loan at 8%, and homeowner expenses of \$2000 for dues

⁶ U.S. Department of Housing and Urban Development, issued 12/27/96.

⁷ Mayor's Office of Housing, 1997 Income, Rent, and Purchase Price Limits, January 30, 1997.

and 5% of income minus the \$2000 for other expenses including the taxes and insurance complete the assumptions for purchase of housing. The previous analysis conducted by the Mayor's Office of Housing assumed a 90% mortgage and 10% down payment, and used \$1500 for annual homeowners dues.

Cost of Housing. Estimates of the cost of developing new housing in San Francisco were generated based on three primary sources, actual prices of market rate developments in San Francisco between 1991 and 1995 as reported in the Planning Department's 1996 Housing Inventory Report, evaluation of several BRIDGE Housing Corporation projects in San Francisco, and experience of the San Francisco Redevelopment Agency. While a few private developments achieve lower prices per square foot, larger units and/or additional amenities often result in higher unit prices.

Four unit size prototypes were utilized, ranging from a 500 square foot studio through a 1,100 square foot three-bedroom unit. At generalized cost of \$245 per square foot for studios, \$235 for a 650 square foot one-bedroom unit, \$225 per square foot for a two-bedroom unit, and \$220 per square foot for the three-bedroom development, costs ranged from \$122,500 for a studio, to \$152,750 for a one-bedroom, \$191,250 for a two-bedroom, and \$242,000 for three-bedroom for-sale units. The cost of developing rental housing was judged to be approximately 10% lower than the cost of the for-sale units. These cost include soft and hard costs, and include land price and fees.

While the purchase price or rental price estimates are higher than the BRIDGE examples, some of the BRIDGE San Francisco projects may not include land value since the project descriptions cite land contributions or below market leases. Project densities for affordable developments seem to range from 40 to 70 units per acre for San Francisco projects, and land values, where cited, seem to range \$15-20,000 per unit. Forty to 50 units per acre is a reasonable prototype for San Francisco two-bedroom units. That should allow 3-4 stories of stick construction over a concrete garage/podium.

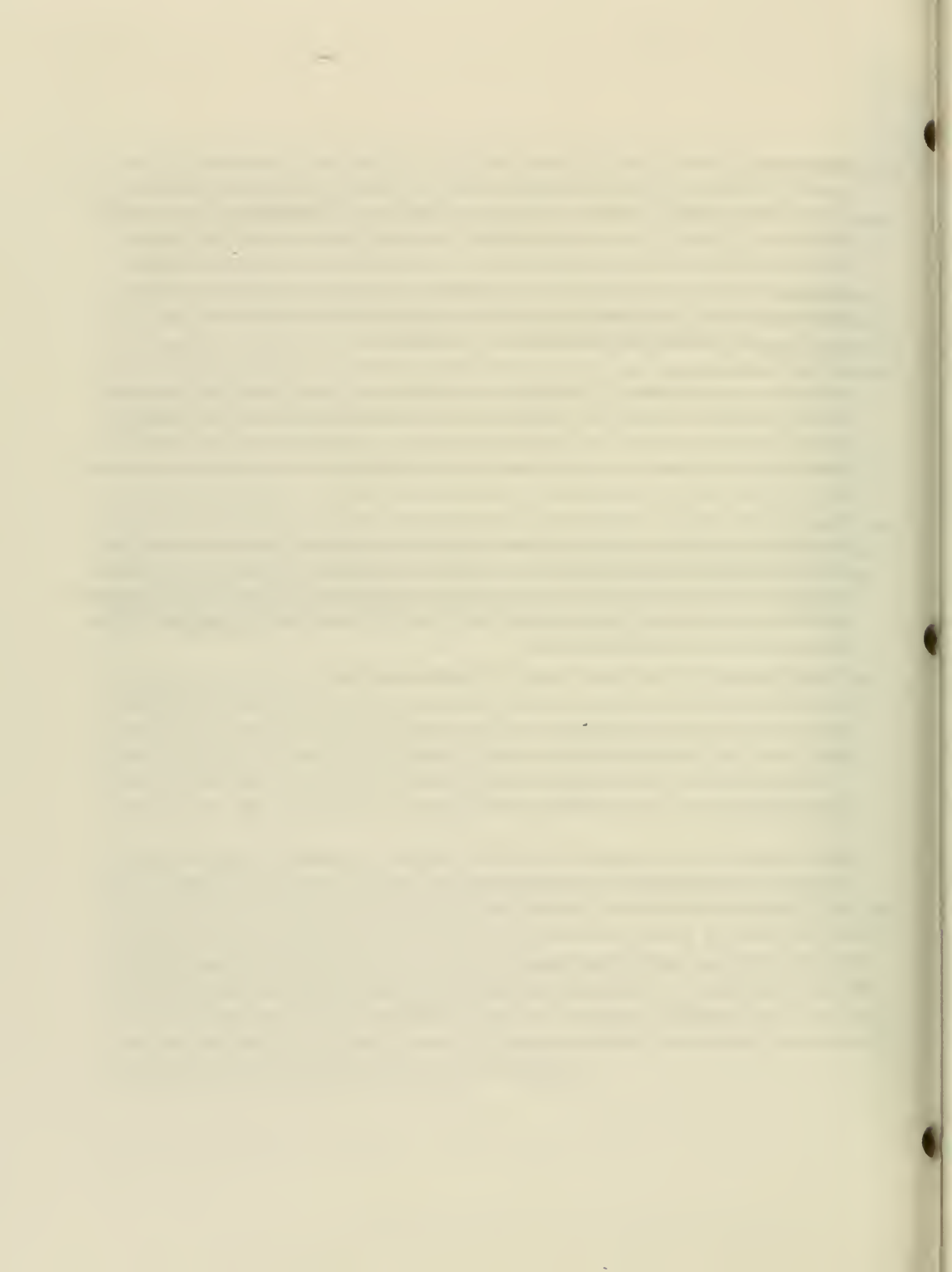
Affordability Gap Calculation. A summary table and series of tables for each unit size prototype were developed for sale and rental units. Only rental housing was considered for very low income households at 35% of median income, and both rental and sale prototypes were considered for low and moderate income households at the 70% and 100% of median income levels. Supportable unit values for rental housing were developed based on the net operating income stream capitalized at 8%. Net operating income is calculated by subtracting utilities, operating costs, and a vacancy allowance, with the remainder representing the funds available to amortize a mortgage. Supportable values for for-sale units were developed by calculating the supportable mortgage payment once expenses were deducted, and dividing by .95 to get full price with a 5% down payment.

Conclusion

Tables D.1.0R through D.1.3S show the subsidy required for each of the unit sizes for rental and for-sale housing. Table D.2.R summarizes the subsidy requirements for rental housing for the three income levels and for four unit/household sizes. For a very low income household, the subsidy requirements would range from \$85,600 for producing a studio unit to as much as \$196,150 for a three-bedroom unit. The average for all unit sizes would be \$136,250, slightly less than the approximately \$149,500 subsidy required for a two-bedroom unit.

For a low income household at 70% of median income, the average subsidy would be approximately \$66,600, ranging from \$28,300 for a studio to \$14,200 for a three-bedroom unit. For a moderate income household, no subsidy would be required for a studio or one-bedroom unit, but a \$12,500 subsidy would be required for a two-bedroom unit and a \$43,900 subsidy required for a three-bedroom unit.

Comparative subsidies for low and moderate income households in for-sale housing, shown in Table D.2.S, are slightly higher than in rental housing, with an average subsidy at \$71,600 for a low income household and \$20,100 for a moderate income household, compared to \$66,600 and \$14,100 averages respectively in rental housing. No subsidy would be required for a studio unit for a moderate income person earning \$45,100, the median income.



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TABLE D.1.0R. (Studios)
ESTIMATE OF SUBSIDY REQUIREMENT PER RENTAL UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Vary Low Income 35% of Median	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$15,800	\$31,570	\$45,100
Affordable Monthly Housing Cost @ 30%	\$395	\$789	\$1,128
Less monthly utility allowance (2)	\$30	\$30	\$30
Affordable Monthly Rent	\$365	\$759	\$1,098
Less Monthly Operating Cost (3)	\$190	\$190	\$190
Less Vacancy Allowance @ 3%	\$11	\$23	\$33
Net Monthly Operating Income	\$164	\$548	\$875
Estimated Unit Value @ 8% Cap. Rate	\$24,608	\$81,971	\$131,186
Less Development Cost per Unit	\$110,250	\$110,250	\$110,250
Subsidy Required	\$85,643	\$28,279	

(1) Studio units and 1 person households

(2) Based on HUD Section 8 figures

(3) Operating cost of \$190 per month based on Institute of Real Estate Management, 1995, & local experience

TABLE D.1.0S (Studios)
ESTIMATE OF SUBSIDY REQUIREMENT PER OWNERSHIP UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$31,570	\$45,100
Affordable Annual Housing Cost (2)	\$10,418	\$14,883
Affordable Unit Price (3)	\$82,930	\$128,200
Development Cost (4)	\$122,500	\$122,500
Subsidy Required	\$39,570	N.A.

(1) Studio unit and 1 person households

(2) Represents 33% of income

(3) Assumes a 95% mortgage, 8% interest rate, & homeowner expense factor by Mayor's Office of Housing + \$500

(4) Based on recent San Francisco projects and San Francisco Redevelopment Agency

Source: Gabriel-Roche, Inc. & Keyser Marston Associates, Inc.

TABLE D.1.1R (1 bedroom)

ESTIMATE OF SUBSIDY REQUIREMENT PER RENTAL UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Very Low Income 35% of Median	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$13,000	\$36,050	\$51,500
Affordable Monthly Housing Cost @ 30%	\$450	\$901	\$1,288
Less monthly utility allowance (2)	\$40	\$40	\$40
Affordable Monthly Rent	\$410	\$861	\$1,248
Less Monthly Operating Cost (3)	\$240	\$240	\$240
Less Vacancy Allowance @ 3%	\$12	\$26	\$37
Net Monthly Operating Income	\$158	\$595	\$970
Estimated Unit Value @ 8% Cap. Rate	\$23,655	\$89,312	\$145,511
Less Development Cost per Unit	\$137,500	\$137,500	\$137,500
Subsidy Required	\$113,845	\$48,188	

(1) One bedroom units and 2 person households

(2) Based on HUD Section 8 figures

(3) Operating cost of \$240 per month based on Institute of Real Estate Management, 1995, & local experience

TABLE D.1.1S (1 bedroom)

ESTIMATE OF SUBSIDY REQUIREMENT PER OWNERSHIP UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$36,050	\$51,500
Affordable Annual Housing Cost (2)	\$11,897	\$16,995
Affordable Unit Price (3)	\$97,930	\$142,150
Development Cost (4)	\$152,750	\$152,750
Subsidy Required	\$54,820	\$10,600

(1) One bedroom units and 2 person households

(2) Represents 33% of income

(3) Assumes a 95% mortgage, 8% interest rate, & homeowner expense factor by Mayor's Office of Housing + \$500

(4) Based on recent San Francisco projects and San Francisco Redevelopment Agency

Source: Gabriel-Roche, Inc. & Keyser Marston Associates, Inc.

TABLE D.1 2R (2 bedroom)
ESTIMATE OF SUBSIDY REQUIREMENT PER RENTAL UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Very Low Income 35% of Median	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$20,300	\$40,600	\$57,950
Affordable Monthly Housing Cost @ 30%	\$508	\$1,015	\$1,449
Less monthly utility allowance (2)	\$63	\$63	\$63
Affordable Monthly Rent	\$445	\$952	\$1,386
Less Monthly Operating Cost (3)	\$280	\$280	\$280
Less Vacancy Allowance @ 3%	\$13	\$29	\$42
Net Monthly Operating Income	\$151	\$643	\$1,064
Estimated Unit Value @ 8% Cap. Rate	\$22,875	\$96,516	\$159,627
Less Development Cost per Unit	\$172,125	\$172,125	\$172,125
Subsidy Required	\$149,450	\$75,609	\$12,498

(1) Two bedroom units and 3 person households

(2) Based on HUD Section 8 figures

(3) Operating cost of \$280 per month based on Institute of Real Estate Management, 1995, & local experience

TABLE D.1. 2S (2 bedroom)
ESTIMATE OF SUBSIDY REQUIREMENT PER OWNERSHIP UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$40,600	\$57,950
Affordable Annual Housing Cost (2)	\$13,390	\$19,124
Affordable Unit Price (3)	\$113,000	\$171,200
Development Cost (4)	\$191,250	\$191,250
Subsidy Required	\$78,250	\$20,050

(1) Two bedroom units and 3 person households

(2) Represents 33% of income

(3) Assumes a 96% mortgage, 8% interest rate, & homeowner expense factor by Mayor's Office of Housing + \$500

(4) Based on recent San Francisco projects and San Francisco Redevelopment Agency

Source: Gabriel-Ruche, Inc. & Keyser Marston Associates, Inc.

TABLE D.1. 3R (3 bedroom)
ESTIMATE OF SUBSIDY REQUIREMENT PER RENTAL UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Very Low Income 35% of Median	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$22,550	\$45,080	\$64,400
Affordable Monthly Housing Cost @ 30%	\$584	\$1,127	\$1,610
Less monthly utility allowance (2)	\$85	\$85	\$85
Affordable Monthly Rent	\$479	\$1,042	\$1,525
Less Monthly Operating Cost (3)	\$320	\$320	\$320
Less Vacancy Allowance @ 3%	\$14	\$31	\$48
Net Monthly Operating Income	\$144	\$691	\$1,159
Estimated Unit Value @ 8% Cap. Rate	\$21,858	\$103,611	\$173,588
Less Development Cost per Unit	\$217,800	\$217,800	\$217,800
Subsidy Required	\$196,142	\$114,189	\$43,913

- (1) Three bedroom units and 4 person households
- (2) Based on HUD Section 8 figures
- (3) Operating cost of \$320 per month based on Institute of Real Estate Management, 1995, & local experience

TABLE D.1. 3S (3 bedroom)
ESTIMATE OF SUBSIDY REQUIREMENT PER OWNERSHIP UNIT (1)
SAN FRANCISCO HOUSING NEXUS STUDY

	Low Income 70% of Median	Moderate Income 100% of Median
Income Level	\$45,080	\$64,400
Affordable Annual Housing Cost (2)	\$14,878	\$21,252
Affordable Unit Price (3)	\$128,150	\$192,800
Development Cost (4)	\$242,000	\$242,000
Subsidy Required	\$113,850	\$49,200

- (1) Three bedroom units and 4 person households
- (2) Represents 33% of income
- (3) Assumes a 95% mortgage, 8% interest rate, & homeowner expense factor by Mayor's Office of Housing + \$500
- (4) Based on recent San Francisco projects and San Francisco Redevelopment Agency

Source: Gabriel-Roche, Inc. & Keyser Marston Associates, Inc.

APPENDIX G: NEXUS METHODOLOGY AND DOCUMENTATION

Step 1 - Estimate of Total New Employees

The estimate of the number of employees is derived based on an employment density factor for each land use. As shown below, the gross building area is divided by the employment density factor to calculate employees.

$$\begin{array}{ccccc} \text{Gross Building} & & \text{divided} & & \text{Employment} \\ \text{Area} & & \text{by} & & \text{Density Factor} \\ & & & = & \text{Employees} \end{array}$$

The employment density factor is different for each land use and can vary widely within each land use depending on land use types. Densities for industrial uses, for example, vary within a huge range. Other land uses are more constant. Employment density factors in this analysis are based on density factors developed by the City of San Francisco, KMA's experience in working in the Northern California market and general industry trends.

The office employment density factor is estimated at 275 sq.ft. per employee. This estimate assumes a 5% office vacancy factor. The employment density factor for retail is 350 sq.ft. per employee and for hotel 0.75 rooms per employee. These density factors are based on typical tenant types in the Northern California and San Francisco markets.

For medical and cultural institutions employment density factor, KMA has relied on trends in several metropolitan areas in California and recent EIRs for San Francisco project data.

The employment density factors used in this analysis are the following:

Office	275/sq. ft./employee
R&D	400/sq. ft./employee
Medical	300/sq. ft./employee
Cultural Institutional	750/sq. ft./employee
Retail	350/sq. ft./employee
Hotel	0.75/room/employee

Step 2 - Declining Industry Adjustment

See Section II of the Report.

Step 3 - Estimate of the Number of Households

This step estimates the number of households represented by a given number of employees. The number of households needs to be estimated since housing assistance is based on household income and household size. The 1990 U.S. Census estimates there are 1.63 wage earners per non-elderly household in San Francisco. Using this factor the number of households can be calculated.

Employees in New Households	divided by	Average Number of Workers per= Household	New Households
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Data Source:

- (1) Estimate of Total Households: 1990 Census of Population and Housing
- (2) Estimate of Elderly Households: 1990 Census of Population and Housing
- (3) Estimate of Employee Labor Force: 1990 Census of Population and Housing

Calculation of Average Number of Workers per Household:

Estimate of Employee⁽³⁾ divided by (Est. of HH⁽¹⁾ - Est. of Elderly HH⁽²⁾)

Step 4 - Breakdown of Households by Occupation

This step divides households by occupational groupings for each land use. For purposes of this analysis, we have relied on the occupational groupings defined by the State of California Employment Development Department and the US Census. Occupational groupings include Managerial/Professional, Technical/Sales, Clerical, Craft/Kindred, Service, and/or Laborer. For each land use category, such as office, the total number of households identified in Step 4 are desegregated into occupation categories. In this step, we have relied on U.S. Census data which provides comprehensive occupational data for the United States. We then used EDD data for the San Francisco County as a refinement to the national data.

New Households	x	Percentage of Households in each Occupation Category	=	New Households in each Occupation Category
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Data Source:

Projections of Employment by Industry and Occupation," San Francisco County, Employment Development Department.

"1980 Census of Population, Occupation by Industry Survey," U.S. Department of Commerce.

Step 5 - Estimate of Employees Meeting the Income Definition

The number of households in each occupation category that fall within the respective income categories are estimated in Step 5. To accomplish this step, GRI first reviewed available wage survey data collected by the U.S. Department of Labor, State of California Employment Development Department.

For most occupations data was available for a select number of job types. Judgments were made based on extrapolation of available data to estimate the percentage of households that have a wage earner that may qualify for assistance. Income levels for the median and lower income categories, are set by HUD. This does not necessarily mean the household qualifies for assistance since the household must also meet household size criteria.

The most comprehensive wage data was found for office workers, particularly for clerical and professional/technical occupations. Available wage data for other land uses and related occupational groups was less complete and provided data for only select job types, such as welder and cashier. KMA, therefore, made estimates of income distribution by occupation. To estimate the percentage of households earning less than the upper income limit in the craft/kindred, service and operative/laborer occupations, we used the clerical wage data as a benchmark and have made adjustments relying on available wage data for selected job types in each of the occupational categories. This methodology requires adjustments to correct for the possibility that households earning less than the upper income limit for each of these occupations is not based on a representative range of job types but rather on specific job types which may not adequately reflect the range of salaries in an occupation category. Additional research could be undertaken to see if more comprehensive wage data is available.

The next step estimates the number of households in each of the six income subgroups defined by HUD. This is done for the very low and low and moderate income categories. For this step, we have again relied on clerical wage data. As previously discussed, this data is the most comprehensive and this is utilized to estimate the number of households in each of HUD's income subgroups. This is done for the craft/kindred, service and laborer/operative occupational categories and applies to all land use categories.

The clerical income distribution was utilized to estimate the number of households in each of HUD's six income subgroups. From that distribution, estimates for the four other occupational categories were made based on wage data from a representative sample of jobs. Additional research could be undertaken to obtain more comprehensive and detailed wage data for each occupation category.

Step 6 - Estimate of Household Size Distribution

HUD's criteria for assistance is dependent on a household meeting a combination of income and household size requirements. Step 6 estimates the number of households in each household size category ranging from one person per household to six persons or more per household.

Household

Size

1	39.3%
2	30.2%
3	12.5%
4	8.6%
5	4.5%
6 +	4.8%

Data Source:

U.S. Census: Detail Population Characteristics, California.

Step 7 - Estimate of Households That Meet Income and Size Criteria for Assistance

This step calculates the number of households that meet HUD's lower income assistance criteria. Using a matrix format, a probability factor is calculated for each of the three income level subgroups. To determine the probability factor for each occupation category, the probability factors calculated for each HUD level are totaled. This number represents the probability that new households in a given occupation category will meet both income and household size criteria established by HUD.

To determine the number of households that qualify for assistance, the probability factors are multiplied by the number of households by occupation estimated in Step 4. This is done for each land use category.

EXAMPLE

Land Use: Office
Occupation: Clerical
Assistance Level: Very Low

<u>% of Household by Income</u>		<u>% of Households by Size²</u>					
<u>Income Levels</u>	<u>% of¹ Households</u>	<u>1</u> (39.3%)	<u>2</u> (30.2%)	<u>3</u> (12.5%)	<u>4</u> (8.6%)	<u>5</u> (4.5%)	<u>6</u> (4.9%)
< \$22,500	20%	[.079] ³					
< \$25,750	40%		[.121]				
< \$29,000	60%			[.075]			
< \$32,200	70%				[.060]		
< \$34,800	80%					[.036]	
< \$37,500	83%						[.041]
Total							[.412]

Households Requiring Assistance: .412 x 67 clerical households⁴ = 28 households

¹ Step 5

² Step 6

³ To calculate probability factor multiply the percentage of households by income figure by the 1 person household size percentage

⁴ Step 4

Step 8 - Adjustment to Eliminate Most Multiple Earner Households

This last step makes an adjustment to eliminate most of the households that have two or more earners such that the incomes in combination make the household no longer qualify for the lower income categories.

From the U.S. Census, we can estimate the number of multiple earning households that fall within each income category. For example, of all multiple earning households we estimate that 6% fall in the very low income category. Our methodology in the nexus analysis estimates the number of multiple earner households based on the assumption of 1.63 earners per household (this is an average for all households). This estimate of earners per household overstates the number of multiple earners in the lower end income categories. As a result, we have adjusted the number of multiple earner households presented in the nexus analysis to the estimated number indicated by the U.S. Census data.

Step 9 - Adjustment to Discount for Non-Resident Workers

See Sections I and II of the Report.



PLANNING DEPARTMENT

HSP

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ADMINISTRATION
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LONG RANGE PLANNING
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June 28, 1999

Ms. Gloria L. Young
Clerk of the Board
Room 244
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Case No. 1999.173ET: Planning Code Amendment
Section 313: Jobs-Housing Linkage Program**

991304
1307

Dear Ms. Young:

On June 3, 1999, the City Planning Commission conducted a public hearing on the above-referenced matter and made a recommendation to adopt.

With this letter, the following are transmitted:

- ▶ City Planning Resolution No. 14832, adopted June 3, 1999 recommending the proposed amendment to the City Planning Code (15 copies)
- ▶ Office Affordable Housing Production Program Annual Report, June 1998 (15 copies)
- ▶ Original text amendment ordinance (plus 15 copies)
- ▶ Final Negative Declaration dated April 27, 1999 (15 copies)
- ▶ Original resolution for the Board of Supervisors' endorsement of the Planning Commission's adoption of the Final Negative Declaration (plus 3 copies)

Please contact Catherine Bauman of the Department at 558-6287 for any additional information that may be needed.

Sincerely,

Gerald G. Green
Director of Planning

Encl.

OFFICE AFFORDABLE HOUSING PRODUCTION PROGRAM ANNUAL REPORT

June 1998

This is a report on the Office Affordable Housing Production Program. Such a report is due annually, but the activity in the program has not warranted one since the last done in April 1994. No funds have been collected, or expenditures made, since the 1994 report. This report updates the status of office projects listed in the 1994 report, and lists office projects subject to the requirement that have been approved or proposed since then.

I. BACKGROUND (A SHORT HISTORY AND DESCRIPTION OF OAHPP)

Around 1980 the City began to recognize that large-scale office construction resulted in demand for housing, especially low-income housing, for those who work in the offices. In April 1981, the City Planning Commission adopted a set of Interim Guidelines for the implementation of the Office Housing Production Program (OHPP). In 1985, the City adopted the Office Affordable Housing Production Program (OAHPP) as Section 313 of the Planning Code, applying to projects of 50,000 square feet in the C-3 district. Section 313 was amended in 1990 to include projects over 25,000 square feet citywide. The ordinance has no sunset clause. It has a requirement that the Director of Planning undertake an analysis of the continuing connection between job growth and housing need in order to update the ordinance. This analysis has been prepared by Keyser Marston Associates and will be presented separately.

Projects approved during the Interim Guidelines period, under the original ordinance, and since 1990 are subject to slightly different requirements. Projects approved before 1990 under the original ordinance must comply before the Certificate of Occupancy is issued. Those approved after January 1990, must comply with the ordinance before the Site Permit is issued.

The current fee is \$7.05 per net additional gross square foot of office space. This fee is to be reexamined each year and adjusted to meet current housing price levels. The fee was last adjusted in December 1994. Developers have the option of participating directly in the production of housing or paying a fee. Most have chosen to pay the fee, which is deposited in the Citywide Affordable Housing Fund administered by the Planning Director, in cooperation with the Mayor's Office of Housing.

II. OFFICE PROJECTS SINCE 1994, AND THEIR OAHPP STATUS

Since the 1994 report, no office projects have proceeded to the point that compliance with OAHPP is required. Some of the office projects described in that report have changed, some abandoned, and others are now proceeding through the approval process. Table I identifies projects that have, or are expected to have obligations in the future. It includes projects recently approved or reapproved by the Planning Commission, and those that the Planning Department staff believes are being actively pursued.

III. HOUSING PROJECTS ASSISTED SINCE 1994

No expenditures for housing projects from the Citywide Affordable Housing Fund have

been made since the 1994 report.

IV. CREDITS FROM INTERIM GUIDELINES

Before the ordinance was adopted in 1985, office developers had mitigated their housing impacts by complying with the Interim Guidelines. Between 1981 and 1985, 38 office developers complied with the Interim Guidelines by constructing housing themselves or contributing funding to housing developers. Projects including 5,690 units (3,841 of them affordable) were assisted through this program. Some developers accrued more "credits" than were used for office development. These excess credits have been preserved through the subsequent ordinances. As a result, several developers maintain excess credits which may be applied to future office projects. Only projects authorized before March 1999 are eligible to receive excess interim guidelines credits. Developers with credits are shown in Table II.

V. THE CITYWIDE AFFORDABLE HOUSING FUND

The 1994 report showed that, since the enactment of OAHPP in 1985 and 1994, 22 office projects have been approved by the Planning Commission. Of these, ten have been built as office buildings subject to OAHPP, and four are proceeding through the permit process, but have not received the Department of Building Inspection permits that trigger compliance with OAHPP. Contributions made to satisfy OAHPP have resulted in the direct construction of 255 residential units, 47 affordable to those of low or moderate income, contributions of \$4,158,045 in fees to the Citywide Affordable Housing Fund, and contributions of \$3,980,145 directly to a developer of affordable housing.

The Citywide Affordable Fund has also received funds from developers of housing and a hotel developer as a condition of approval for projects which result in a loss of housing, do not meet the inclusionary requirement, or have other housing impacts. The total of these contributions to the fund is \$1,814,243.

VI. CONCLUSION

Between 1990 and 1995, office employment declined by about 11%, from 187,000 to 165,600. During this time, therefore, no new need for housing occurred as a result of growth in the office sector. In 1996, office employment increased by about 7% to 177,000 and continues to grow, while office vacancy declines. As employment increases, existing office projects fill up, and new ones open, more people will need housing in San Francisco.

Keyser Marston has completed a study of housing demand generated by new employment in San Francisco, to be used in evaluating the program. This study will be discussed separately. It confirms that new office buildings result in new employees. It estimates that in San Francisco 100,000 square feet of office space will result in demand for about 90 units in San Francisco, 52 of them by households of moderate income or below (as defined by the Department of Housing and Urban Development). Using this assumption, contributing office developments have resulted in a demand for about 120 units by households of moderate income or below.

TABLE I. OFFICE PROJECTS IN THE PIPELINE (subject to OAHPP)

Case #	Project	Square Ft of Office	(net addition)	Status
83.447, 97.570	150 Green	40,000		approved 10/85. Under review
87.613, 98.084	150 California	177,000		approved 1989, reapproved 5/98
89.589	300 Howard/199 Fremont	382,600		approved 1989, permit still active
94.105, 97.484	101 Second	368,000		approved 1995, reapproved 1997, in partial compliance (credit for 42.5 units, 1995 obligation was 142 units.)
97.787	650/690 Townsend	263,000	office conversion from showroom	approved 1/98
97.215	1 Second (39-67 Second)	283,000		approved 2/98
96.159, 96.643	254 Front Street	58,700		approved 3/98
97.678	640 Battery	110,000	office, 125 Res. Units	under review
97.674	945 Battery	55,800		under review
97.470	475 Brannan	61,000		under review
97.850	651 Folsom	160,700	office, gr fl. retail	under review
98.135	1 Market	60,000	sf add'n	under review
98.281	China Basin Bldg Expansion	105 Berry St.	170,000 sf of office	under review
97.717	Pacific Exchange Folsom, between Main & Spear	274,000	sf of office	
143,000	sf of assembly	8,400	sf of retail	under review

TABLE II - DEVELOPERS WITH EXCESS INTERIM GUIDELINES CREDITS.

Developer	Excess Credits	Changes since 1994 Report
Multi-Asian Properties (S.F. Federal S.&L. Bank)	07	
Westlake Development	52	
Marathon	89	
Milton Meyer	14	
Deringer Development	04	
Grosvenor Properties, Ltd.	145	15 credits returned from 150 Green which did not proceed.
Lurie Company	94	
Bredero Nrtohem	78	
Total excess credits	483	credits = 210 OAHPP units 2.3 Interim Guidelines credit equals one OAHPP unit.

TABLE III - OFFICE PROJECTS SUBJECT TO OAHPP SINCE 1985

Case #	Project	Contributions to Fund	Units built
83.331	100 First	Interim Guidelines - Built 255 units	OAHPP - Built 47 affordable units
82.039, 82.092	2 Harrison	Direct contribution to housing developer:	
		\$3,095,140 (to build 177 affordable units)	
83.213	59 Harrison	\$410,422 (8/88), \$40,000 (11/88)	
86.085	600 California	\$1,536,724 (10/90)	
84.432	235 Pine	\$870,250 (4/90)	
85.079	343 Sansome	Direct contribution to housing developer	\$885,005 (to build 177 units)
90.568	1075 Front	\$238,010 (9/92)	
81.249 83.510 84.397	1 - 345 California	\$34,882 (6/89)	\$367,757 (6/89)
81.244	China Basin Properties	Interim Guidelines	\$660,000 (4/90)
81.549	1145 Market	Approved 11/83, M 9837.	
TOTAL		\$8,138,190	302 units

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Case No. 1999.173ET:
Planning Code Amendment
Section 313: Jobs-Housing Linkage Program
Page 1

San Francisco
City Planning Commission
Resolution No. 14832

As required by Section 313.12 of the Planning Code, the Department has conducted a study to update the information about the relationship between office and other commercial development and housing demand. The study, performed by Keyser Marston Associates, is now complete.

The study shows that there is a relationship between new commercial development, such as office, research and development, medical, cultural/institutional, retail and hotel development, and the need for affordable housing in San Francisco. The Department, working with the Office Housing Production Program Technical Advisory Committee, narrowed the application of the Study findings to office, retail, entertainment and hotel developments only. Thus, developers subject to the program would provide mitigation for only a fraction of the actual increased demand for housing generated by the project.

On March 18, 1999, the Commission announced a hearing on the Department's recommendation on this housing mitigation program to be held on May 6, 1999.

The Department recommends that Planning Code Section 313 be amended to apply the fee to additional commercial uses, namely, retail, entertainment, and hotel development projects, replacing the Office Affordable Housing Production Program with the Jobs-Housing Linkage Program. The Commission has considered the Final Negative Declaration (FND) prepared on the Department's recommended program.

The Planning Commission hereby:

Finds that on the basis of the whole record before it, there is no substantial evidence that the recommended program will have a significant effect upon the environment which would require mitigation measures, and that the Final Negative Declaration prepared for the program reflects the Commission's independent judgement and analysis.

Adopts the Final Negative Declaration as part of the record of its proceedings along with background materials available for review at the Planning Department offices.

Adopts the proposed amendments to Section 313 of the City Planning Code, which are attached.

Case No. 1999.173ET:
Planning Code Amendment
Section 313: Jobs-Housing Linkage Program
Page 2

I hereby certify that the foregoing Resolution was ADOPTED by the City Planning Commission on June 3, 1999.

Jonas P. Ionin
Commission Secretary

AYES: Commissioners Antenore, Chinchilla, Joe, Martin, Mills, Richardson, Theoharris

NOES: None

ABSENT: None

ADOPTED: June 3, 1999

99.178E

NEGATIVE DECLARATION

Date of Publication of

Preliminary Negative Declaration:

April 3, 1999; Amended April 26, 1999

Lead Agency: Planning Department, City and County of San Francisco
1660 Mission Street, San Francisco, CA 94103

Agency Contact Person: Hillary E. Gitelman

Telephone: (415) 558-6381

Project Title: 1999.178E: Jobs-Housing Linkage Ordinance

Project Sponsor: San Francisco Planning Commission

Project Contact Person: Hillary E. Gitelman (415) 558-6381

Project Address: Citywide

Assessor's Block(s) and Lot(s): Citywide

City and County: San Francisco

Project Description: The proposed project is an ordinance that would amend the San Francisco Planning Code to re-name and expand the Office Affordable Housing Production Program (OAHPP) set forth in Section 313 of the Planning Code. Under the proposal, the requirement to provide housing or pay an in-lieu fee according to a demand-based formula would continue to apply to new office developments of 25,000 square feet or more, and would be expanded to apply to hotel, retail, and entertainment related developments meeting size criteria.

Building Permit Application Number, if Applicable: N/A

THIS PROJECT COULD NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. This finding is based upon the criteria of the Guidelines of the State Secretary for Resources, Sections 15064 (Determining Significant Effect), 15065 (Mandatory Findings of Significance) and 15070 (Decision to Prepare a Negative Declaration), and the following reasons as documented in the Initial Evaluation (Initial Study) for the project, which is attached.

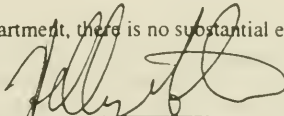
Mitigation measures, if any, included in this project to avoid potentially significant effects: none.

Final Negative Declaration adopted and issued on:

April 27, 1999

In the independent judgement of the San Francisco Planning Department, there is no substantial evidence that the project could have a significant effect on the environment.

cc Lisa Fernandez (first page)
Gerald G. Green/Amit Ghosh
Master Decision File


Hillary E. Gitelman
Environmental Review Officer

1999.178E -- Jobs-Housing Linkage Ordinance Initial Study

On March 18, 1999, the San Francisco Planning Commission initiated proposed legislation that would amend the San Francisco Planning Code to re-name and expand the Office Affordable Housing Production Program (OAHPP) set forth in Section 313 of the Planning Code. In general, the proposal would perpetuate the requirement for developers of office projects of 25,000 square feet (sf) or more to provide affordable housing, or pay an in-lieu fee for the development of affordable housing. Under the proposal, this requirement would be expanded to apply to hotel, retail, and entertainment-related developments meeting certain size criteria, as described further below.

Background

The current OAHPP was originally established in 1985 with adoption of Planning Code Section 313 *et seq.* The program linked the development of office buildings to the demand for affordable housing by requiring office developers to either build affordable housing or pay an in lieu fee. The link, or "nexus," between office development and housing demand was analyzed in the 1984 study by Recht Hausrath & Associates, entitled *Summary of the Economic Basis for an Office Housing Production Program*. In 1990, the Planning Code was amended to extend the life of the program, to reduce the threshold size for office projects from 50,000 sf to 25,000 sf, to clarify target income levels, and make other adjustments. In 1994, the program expired. The program was later reinstated, and the life of the program was again extended in 1996. At that time, the Code was amended to require the Director of Planning to update the 1984 Recht Hausrath report "to show the relationship between office and other commercial development and housing demand."¹

In compliance with Code requirements, the San Francisco Planning Department secured the services of Keyser Marston Associates after the 1996 amendments, to assess the OAHPP, and to analyze the nexus between the demand for affordable housing, and the following commercial land uses: office; retail and entertainment; hotel; medical related; cultural and institutional; and research and development (R&D) uses. In addition, whereas the original study focused on the downtown area only, the Keyser Marston analysis assessed the jobs-housing relationship without specific reference to downtown.

¹Quotations are from San Francisco Planning Code Sections 313.12 and 313.13. Background information in this paragraph and throughout this document is derived from Keyser Marston Associates, Inc. - and - Gabriel Roche, Inc., *Jobs Housing Nexus Analysis, City of San Francisco*, prepared for the Office of Affordable Housing Production Program (OAHPP) of San Francisco, July 1997. A copy of this report is available for review in Case File No. 1999.178E at the San Francisco Planning Department, 1660 Mission Street.

Project Description

The proposed project is legislation that would modify and expand an existing housing exaction, or linkage fee, established by the San Francisco Planning Code. The expanded program would be based on formulas derived from the Keyser Marston report cited above. Specifically, the legislation would rename the OAHPP as the "Jobs Housing Linkage Program," and would do the following:

- Maintain the current threshold for office space at 25,000 sf, adjust one of the office space formulas, and clarify that office space may include "research and development" space. The adjusted formula would require construction of 0.000161 housing units per sf of office space. The in lieu fee for office space would remain at \$7.05 per sf.
- Apply the program to all new and expanded hotel space of at least 25,000 sf, requiring payments to housing developers or payments of in lieu fees, as established by formulas. The formulas would require construction of 0.000110 dwelling units per sf of hotel space, or payment of a \$4.25 per sf in lieu fee. Also, adjust the definition of "hotels."
- Apply the program to all new and expanded entertainment space of at least 50,000 sf, requiring payments to housing developers or payments of in lieu fees, as established by formulas. The formulas would require construction of 0.000140 dwelling units per sf of entertainment space, or payment of a \$5.29 per sf in lieu fee.
- Apply the program to all new and expanded retail space of at least 100,000 sf, requiring payments to housing developers or payments of in lieu fees, as established by formulas. The formulas would require construction of 0.000140 dwelling units per sf of retail space, or payment of a \$5.29 per sf in lieu fee.
- Expand the list of projects excluded from the program to include developments in Mission Bay North and South.
- Require periodic reporting on affordable housing in the City, the status of compliance with the Jobs-Housing Linkage Program, and the efficacy of the program in mitigating the shortage of affordable housing available to employees working in development projects subject to the ordinance.

The expanded program would apply to projects for which environmental evaluation applications are filed after a specific start-up date, and would be in effect for four years from its effective date. Section 313.13 would allow the program to be modified during that period if there are adverse changes in the Bay Area's economic performance.²

²The above represents a summary only. For the precise Code changes proposed and more specific information, including applicable formulas, please refer to the proposed legislation itself. A copy is available for review in case file number 1999 178E at the San Francisco Planning Department, 1660 Mission Street.

The proposed project would require approval of the San Francisco Planning Commission and the Board of Supervisors. A hearing to consider the matter is currently scheduled for May 6, 1999 at the San Francisco Planning Commission.

Project Setting

The City and County of San Francisco is an urbanized area encompassing about 21,600 acres, with a downtown core located in the northeastern quadrant of the City. The Association of Bay Area Governments (ABAG) anticipates that by next year, San Francisco's population will reach 785,900, and total jobs within the City will reach 586,950.³

San Francisco has historically been an employment center for the greater Bay Area, a region of over six million people. San Francisco's workforce consists of residents and commuters, some of whom travel great distances to their place of employment. As San Francisco has developed over the last 20 or 30 years, the supply of housing units in the City has not kept pace with the demand for housing, increasing the likelihood that new San Francisco job holders will have to commute for long distances, contributing to regional traffic congestion and air quality degradation.

Compatibility with Existing Zoning and Plans

Environmental plans and policies are those, like the Bay Area Air Quality Plan, which directly address environmental issues and/or contain targets or standards which must be met in order to preserve or improve characteristics of the City's physical environment. The current proposed project would not obviously or substantially conflict with any such adopted environmental plan or policy.

The City's General Plan, which provides general policies and objectives to guide land use decisions, contains some policies which relate to physical environmental issues. The current project would not obviously or substantially conflict with the General Plan. In general, potential conflicts with the General Plan are considered by decision makers independently of the environmental review process, as part of the decision whether to approve or disapprove a proposed project. Any potential conflict not identified here could be considered in that context, and would not alter the physical environmental effects of the proposed project.

In November 1986, the voters of San Francisco approved Proposition M, the Accountable Planning Initiative, which added Section 101.1 to the City Planning Code to establish eight Priority Policies. These policies are: preservation and enhancement of neighborhood-serving retail uses; protection of neighborhood character; preservation and enhancement of affordable housing; discouragement of commuter automobiles; protection of industrial and service land uses from commercial office development and enhancement of resident employment and business ownership; maximization of earthquake preparedness; landmark and historic building preservation; and protection of open space. Prior to issuing a permit for any project which requires an Initial Study under CEQA or adopting any

³Association of Bay Area Governments, *Projections '98, Forecasts for the San Francisco Bay Area to the Year 2020*, December 1997.

zoning ordinance or development agreement, the City is required to find that the proposed project is consistent with the Priority Policies.

Environmental Effects

The proposed project is a piece of legislation that would have no immediate physical consequences, and would result in the payment of fees from developers of commercial projects above a certain size to housing developers or to the City for the purpose of affordable housing construction. While it can be assumed that the imposition of development fees as a result of the proposed Jobs-Housing Linkage Program may affect the cost of commercial development in San Francisco, and therefore potentially affect rental rates and the value of commercial properties, these potential economic consequences would not in themselves be considered significant environmental impacts. The focus of the analysis presented below, therefore, is (1) whether the increased costs of commercial development attributable to the new program would result in unplanned growth outside of the City, with significant environmental consequences; or (2) whether the affordable housing produced under the program would result in significant environmental impacts within City boundaries.

Location of Commercial Development

Land and development costs within the center city, including to some extent costs attributable to exactions such as the original OAHPP and the proposed Jobs-Housing Linkage Program, have historically influenced the location of commercial development in the region. According to ABAG, the major shift in jobs from San Francisco to outlying areas that occurred in the early 1980s, was a result of rising office rents in San Francisco in the late 1970s and early 1980s (interestingly, *before* the OAHPP was adopted in 1985). ABAG projects that this shift to suburban locations will continue in the future, and that "the costs of operations, including the comparative cost of office space with other parts of the region will be a factor in determining job locations in the long run."⁴

It would be entirely speculative, however, to suggest some precise relationship between the existing OAHPP and office development location since 1985. This is because the exactions represent a small percentage of overall development costs, and because there are many other factors that contribute to development and locational decisions. These other factors include the location of housing, the availability of transportation infrastructure, the presence of businesses and services, and even the desirability of a San Francisco address. The influence of these and other factors is evidenced by the City's experiences during the late 1980s, when many office projects were approved in the City, despite the imposition of affordable housing requirements, and during the early 1990s, when office growth slowed because of a nationwide recession. In fact, some evidence suggests that costs imposed by the existing OAHPP constitute a negligible factor among many that influence the timing and location of office development. For example, there was no rush to propose office projects in San Francisco when the OAHPP expired briefly in 1994.

⁴Ibid., p. 163.

It is reasonable to anticipate that the proposed Jobs-Housing Linkage Program would affect the location of hotel, retail, and entertainment developments similar to the way the OAHPP affected the location of office developments since 1985. In other words, the imposition of additional fees affecting large commercial development projects (hotels, entertainment venues, and retail developments) may contribute to decisions of developers to locate within the City, but not to the extent that such development would not occur, or to the extent that any substantial growth outside the City would occur as a result. In fact, locational decisions regarding these new commercial uses are likely to be more dependant on market factors such as San Francisco's desirability as a tourist destination, and San Francisco's concentration of well educated consumers, than on fees that would constitute a relatively insignificant portion of overall development costs.

Whatever the relationship between the proposed exactions and the locational decisions of commercial developers, it should be noted that commercial development outside of San Francisco is now a planned aspect of the region's growth, and commercial development outside of San Francisco is subject to planning review and CEQA analysis by local jurisdictions.

Affordable Housing Production

Since 1980, about 20,610 dwelling units, including 5,500 affordable housing units, have been constructed in the City. The affordable housing units have been constructed as a result of a variety of federal, State, and local programs, including (since 1985) the OAHPP. On average, these combined programs result in new construction of about 365 affordable units per year (as well as rehabilitation and affordability preservation of existng units). With the proposed expansion of exaction fees, unit production would likely increase somewhat, although it is difficult to predict by how much. The increase would depend on what portion of projected job growth in hotel, entertainment, and retail sectors will be contained within facilities exceeding proposed threshold sizes.

As a rough estimate of the annual housing production that could be attributable to the proposed Jobs-Housing Linkage Program, all applications for environmental review submitted to the Planning Department in 1998 were reviewed, and potential exactions for non-office development projects were calculated. If it is assumed that one year of applications represent about a year's worth of approved projects (a very conservative assumption, since some projects take more than one year for review, and some are not ultimately approved and constructed), then the program would result in about 56 dwelling units (if project sponsors elected to construct housing) or about \$2.1 million of in lieu fees annually (if sponsors pay fees) from non-office uses. When combined with the average number of affordable units produced per year as a result of existing office-space exactions and other affordable housing programs, this would result in production of about 421 affordable dwelling units per year.

While the location of the future housing generated cannot be predicted, any increase in housing production resulting from the ordinance would accommodate demand from workers that would occupy new commercial space, and would be constructed within the urban environment of San Francisco. Such housing would accommodate planned growth in the region, and would not itself

stimulate growth, since it would only be constructed after new commercial development occurs. Such housing would also fall within amounts analyzed in the Environmental Impact Report prepared for 1990 amendments to the Resident Element of the San Francisco General Plan.⁵

New housing would have impacts whether it was built within San Francisco or elsewhere in the region, but impacts would generally be less if the units were built within the City, since regional impacts on transportation, energy, and air quality would improve with shorter commute distances. Locally, new housing development within San Francisco could increase local transit demand, and congestion near new housing developments. Within San Francisco's urban context, these impacts would be unlikely to reach levels where they would be considered significant under CEQA. In recognition of this, the State CEQA Guidelines provide a specific exemption for affordable housing projects (Section 15280), and for "in-fill" development projects within the City limits which are consistent with General Plan and zoning provisions, and which meet certain other conditions (Section 15332). Even in light of these exemptions, however, individual affordable housing developments that could be proposed using fees from the Jobs-Housing Linkage Program would be subject to Planning Department review and permitting. During this review process, project-specific impacts would be assessed, and more extensive environmental analysis would be performed if potentially significant impacts could occur.

For all of the above reasons, it is clear that the proposed ordinance would not result in substantial, unanticipated growth, or result in any significant effect on the environment. No mitigation measures are therefore required.

⁵San Francisco Planning Department, Environmental Impact Report Regarding 1990 Amendments to the Residence Element of the Master Plan of the City and County of San Francisco, Case No. 90.87E. A copy of this EIR is available for review at the San Francisco Planning Department, 1660 Mission Street.

ENVIRONMENTAL EVALUATION CHECKLIST
(Initial Study Checklist)

File No: 1999.178E Title: 1999.178E: Jobs-Housing Linkage Program
 Street Address: Citywide Assessor's Block/Lot: Citywide
 Initial Study Prepared by: Hillary E. Gitelman

A. <u>COMPATIBILITY WITH EXISTING ZONING AND PLANS</u>	<u>Not</u>	
	<u>Applicable</u>	<u>Discussed</u>
1) Discuss any variances, special authorizations, or changes proposed to the City Planning Code or Zoning Map, if applicable.	—	<u>X</u>
2) Discuss any conflicts with any adopted environmental plans and goals of the City or Region, if applicable.	<u>X</u>	<u>X</u>

ENVIRONMENTAL EFFECTS - Could the project:

	<u>YES</u>	<u>NO</u>	<u>DISCUSSED</u>
1) <u>Land Use</u>			
(a) Disrupt or divide the physical arrangement of an established community?	—	<u>X</u>	—
(b) Have any substantial impact upon the existing character of the vicinity?	—	<u>X</u>	—
2) <u>Visual Quality</u>			
(a) Have a substantial, demonstrable negative aesthetic effect?	—	<u>X</u>	—
(b) Substantially degrade or obstruct any scenic view or vista now observed from public areas?	—	<u>X</u>	—
(c) Generate obtrusive light or glare substantially impacting other properties?	—	<u>X</u>	—
3) <u>Population</u>			
(a) Induce substantial growth or concentration of population?	—	<u>X</u>	—
(b) Displace a large number of people (involving either housing or employment)?	—	<u>X</u>	—
(c) Create a substantial demand for additional housing in San Francisco, or substantially reduce the housing supply?	—	<u>X</u>	—
4) <u>Transportation/Circulation</u>			
(a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system?	—	<u>X</u>	—
(b) Interfere with existing transportation systems, causing substantial alterations to circulation patterns or major traffic hazards?	—	<u>X</u>	—
(c) Cause a substantial increase in transit demand which cannot be accommodated by existing or proposed transit capacity?	—	<u>X</u>	—
(d) Cause a substantial increase in parking demand which cannot be accommodated by existing parking facilities?	—	<u>X</u>	—

		<u>YES</u>	<u>NO</u>	<u>DISCUSSED</u>
5)	<u>Noise</u>			
(a)	Increase substantially the ambient noise levels for adjoining areas?	—	<u>X</u>	—
(b)	Violate Title 24 Noise Insulation Standards, if applicable?	—	<u>X</u>	—
(c)	Be substantially impacted by existing noise levels?	—	<u>X</u>	—
6)	<u>Air Quality/Climate</u>			
(a)	Violate any ambient air quality standard or contribute substantially to an existing or projected air quality violation?	—	<u>X</u>	—
(b)	Expose sensitive receptors to substantial pollutant concentrations?	—	<u>X</u>	—
(c)	Permeate its vicinity with objectionable odors?	—	<u>X</u>	—
(d)	Alter wind, moisture or temperature (including sun shading effects) so as to substantially affect public areas, or change the climate either in the community or region?	—	<u>X</u>	—
7)	<u>Utilities/Public Services</u>			
(a)	Breach published national, state or local standards relating to solid waste or litter control?	—	<u>X</u>	—
(b)	Extend a sewer trunk line with capacity to serve new development?	—	<u>X</u>	—
(c)	Substantially increase demand for schools, recreation or other public facilities?	—	<u>X</u>	—
(d)	Require major expansion of power, water, or communications facilities?	—	<u>X</u>	—
8)	<u>Biology</u>			
(a)	Substantially affect a rare or endangered species of animal or plant or the habitat of the species?	—	<u>X</u>	—
(b)	Substantially diminish habitat for fish, wildlife or plants, or interfere substantially with the movement of any resident or migratory fish or wildlife species?	—	<u>X</u>	—
(c)	Require removal of substantial numbers of mature, scenic trees?	—	<u>X</u>	—
9)	<u>Geology/Topography</u>			
(a)	Expose people or structures to major geologic hazards (slides, subsidence, erosion and liquefaction).	—	<u>X</u>	—
(b)	Change substantially the topography or any unique geologic or physical features of the site?	—	<u>X</u>	—
10)	<u>Water</u>			
(a)	Substantially degrade water quality, or contaminate a public water supply?	—	<u>X</u>	—
(b)	Substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge?	—	<u>X</u>	—
(c)	Cause substantial flooding, erosion or siltation?	—	<u>X</u>	—

		<u>YES</u>	<u>NO</u>	<u>DISCUSSED</u>
11) <u>Energy/Natural Resources</u>				
(a)	Encourage activities which result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner?	—	<u>X</u>	—
(b)	Have a substantial effect on the potential use, extraction, or depletion of a natural resource?	—	<u>X</u>	—
12) <u>Hazards</u>				
(a)	Create a potential public health hazard or involve the use, production or disposal of materials which pose a hazard to people or animal or plant populations in the area affected?	—	<u>X</u>	—
(b)	Interfere with emergency response plans or emergency evacuation plans?	—	<u>X</u>	—
(c)	Create a potentially substantial fire hazard?	—	<u>X</u>	—
13) <u>Cultural</u>				
(a)	Disrupt or adversely affect a prehistoric or historic archaeological site or a property of historic or cultural significance to a community or ethnic or social group; or a paleontological site except as a part of a scientific study?	—	<u>X</u>	—
(b)	Conflict with established recreational, educational, religious or scientific uses of the area?	—	<u>X</u>	—
(c)	Conflict with the preservation of buildings subject to the provisions of Article 10 or Article 11 of the City Planning Code?	—	<u>X</u>	—
C. <u>OTHER</u>		<u>YES</u> <u>NO</u> <u>DISCUSSED</u>		
Require approval and/or permits from City Departments other than Department of City Planning or Bureau of Building Inspection, or from Regional, State or Federal Agencies?		<u>X</u>	—	<u>X</u>
D. <u>MITIGATION MEASURES</u>		<u>YES</u> <u>NO</u> <u>N/A</u> <u>DISCUSSED</u>		
1)	Could the project have significant effects if mitigation measures are not included in the project?	—	<u>X</u>	—
2)	Are all mitigation measures necessary to eliminate significant effects included in the project?	—	—	<u>X</u>

E. MANDATORY FINDINGS OF SIGNIFICANCE

YES NO DISCUSSED

- | | | | | |
|----|---|---|----------|---|
| 1) | Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or pre-history? | — | <u>X</u> | — |
| 2) | Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? | — | <u>X</u> | — |
| 3) | Does the project have possible environmental effects which are individually limited, but cumulatively considerable? (Analyze in the light of past projects, other current projects, and probable future projects.) | — | <u>X</u> | — |
| 4) | Would the project cause substantial adverse effects on human beings, either directly or indirectly? | — | <u>X</u> | — |

F. ON THE BASIS OF THIS INITIAL STUDY

- X I find the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared by the Department of City Planning.
- I find that although the proposed project could have a significant effect on the environment, there WILL NOT be a significant effect in this case because the mitigation measures, numbers _____, in the discussion have been included as part of the proposed project. A NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.


HILLARY E. GUELMAN
Environmental Review Officer

for

Gerald G. Green
Director of Planning

DATE: April 3, 1999

File No. 000069

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation; |
| | | available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper with horizontal ruling lines. On the left side, there are two vertical columns of small squares. The first column contains 20 squares, and the second column contains 21 squares. A small red letter 'R' is printed between the two columns, approximately halfway down. The rest of the page is ruled with horizontal lines.

1 [Acceptance of Settlement Funds]

2 AUTHORIZING WITHDRAWAL AND ACCEPTANCE OF TOBACCO SETTLEMENT MONIES
3 PURSUANT TO THE MEMORANDUM OF UNDERSTANDING

4 WHEREAS, The Attorney General of the State of California and representatives of a
5 number of California Counties and Cities, including San Francisco, entered into a
6 Memorandum of Understanding ("MOU"), which allocates a portion of settlement proceeds
7 stemming from litigation against various manufacturers of tobacco products; and

8 WHEREAS, this Board has heretofore approved participation in the settlement under
9 the terms and conditions memorialized in the MOU pursuant to Ordinance No. 402-98 finally
10 passed by this Board on December 21, 1998, and approved by the Mayor of the City and
11 County of San Francisco on December 24, 1998; and

12 WHEREAS, The City and County of San Francisco (hereinafter "San Francisco ")
13 wishes to receive its allocated share of settlement proceeds as provided for and set forth in
14 the MOU; and

15 WHEREAS, San Francisco will, in consideration for receiving its portion of the
16 settlement proceeds as allocated to cities and counties in the MOU, execute the Agreement
17 Regarding Interpretation of MOU and the Release, in a form to be approved by the J.C.C.P.
18 4041 Court; now, therefore, be it

19 RESOLVED BY THIS BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF
20 SAN FRANCISCO AS FOLLOWS:

21 Section 1. The Board hereby finds and declares that the above recitals are true and
22 correct.

23 Section 2. This Board hereby authorizes the acceptance and deposit of San
24 Francisco's portion of the settlement proceeds as allocated to cities and counties in the MOU.

25 ///

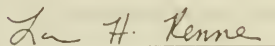
Section 3. This Board hereby authorizes the verification by the Attorney General's Office of all banking information provided to effectuate the acceptance of the settlement proceeds.

Section 4. The following officers or their successors in office shall be authorized to direct the transfer of San Francisco's settlement funds on behalf the city and county.


Louise H. Renne
City Attorney

Susan Leal
Treasurer

Edward Harrington
Controller


(SIGNATURE)


(SIGNATURE)


(SIGNATURE)

Section 5. All notices from the Office of the Attorney General to San Francisco regarding tobacco settlement funds shall be sent to following person/agency:

Name of Person/Agency: Edward Harrington

Title: Controller

Address: City Hall, Room 316

#1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Telephone: (415) 554-7500

Facsimile: (415) 554-7466

E-Mail: ed_harrington@ci.sf.ca.us.

Section 6. The officers, employees and agents of San Francisco are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and
///

1 all documents which they deem necessary or advisable in order to carry out, give effect to and
2 comply with the terms and intent of this resolution.

3 Section 7. This resolution shall take effect immediately upon its passage.
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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



LOUISE H. RENNE
City Attorney

MICHELLE W. SEXTON
Deputy City Attorney

DIRECT DIAL: (415) 554-4708
E-MAIL: MICHELLE_SEXTON@ci.sf.ca.us

000069

MEMORANDUM

~~PRIVILEGED & CONFIDENTIAL~~

TO: Clerk of the Board of Supervisors
FROM: Michelle W. Sexton
Deputy City Attorney
DATE: January 7, 2000
RE: Resolution Authorizing the Acceptance of Tobacco Settlement Funds

Please find attached an original (together with four copies) of a Resolution titled "Acceptance of Settlement Funds."

The Resolution authorizes the City to accept funds received as a result of the settlement of litigation against various manufacturers of tobacco products.

Item 4 - File 00-0069

Departments: City Attorney
Treasurer
Controller

Item: Resolution authorizing withdrawal and acceptance of tobacco settlement monies pursuant to the Memorandum of Understanding.

Description: On December 21, 1998, the Board of Supervisors approved a settlement agreement with the Attorney General of the State of California and representatives of various other California cities and counties stemming from the litigation against various manufacturers of tobacco products (Ordinance No. 402-98). As part of this settlement agreement, the City entered into a Memorandum of Understanding (MOU) with these other cities and counties which allocates the settlement proceeds from this tobacco litigation case.

The proposed resolution would (a) authorize the City to receive tobacco settlement fund proceeds through the withdrawal of such funds from the National Tobacco Settlement Escrow Account and (b) authorize the City to accept such tobacco settlement funds in accordance with the settlement proceeds as allocated to the cities and counties in the MOU, previously approved by the Board of Supervisors. The proposed resolution would also authorize the verification by the Attorney General's Office of all banking information provided to effectuate the acceptance of such settlement proceeds. In addition, this resolution would specifically name Louise Renne, the City Attorney, Susan Leal, the Treasurer, and Edward Harrington, the Controller as the officers of the City (or their successors in office) authorized to direct the transfer of San Francisco's settlement funds from the National Escrow Account to the City.

Comments: 1. According to Mr. Owen Clements of the City Attorney's Office, the proposed resolution will

permit the City to begin receiving the tobacco settlement funds that have become available from the National Tobacco Settlement Escrow Account (Escrow Account). Mr. Clements reports that there are already two payments that have been made to the Escrow Account for San Francisco. The first payment was for approximately \$7,366,000 and the second payment was for approximately \$6,436,000, for a current total balance approximately \$13,802,000 due to San Francisco. According to Mr. Clements, the City is currently receiving approximately 5 percent annual interest on the Escrow Account, calculated on a daily basis. In addition, Mr. Clements notes that an additional estimated \$10,000,000 payment will be made to the Escrow Account in April of 2000 for San Francisco and another approximately \$17,800,000 payment will be received in 2001, in installments in January and April.

2. Mr. Clements advises that the City originally projected receiving a total of approximately \$586 million over 25 years from the Tobacco Escrow Account. However, Mr. Clements notes that since these original projections, there has been an estimated 14 percent decline in the volume of tobacco sales in the United States, and that payments to the Escrow Account are partly dependent on national tobacco sales. Therefore, Mr. Clements now advises that the City is estimated to receive approximately \$500 million over the next 25 years. However, Mr. Clements cautions that further changes in domestic tobacco sales, coupled with future inflationary adjustments will further vary the actual amount of revenues paid to the Escrow Account for San Francisco.

3. According to Mr. Clements, recent lawsuits that have been filed challenging the subject Tobacco Settlement award are not expected to have any material affect on the outcome of the payments for the City and County of San Francisco.

4. Mr. Clements advises that under the proposed resolution, any two of the three specified

individuals cited in the proposed resolution (i.e., City Attorney, Treasurer and Controller) can act on behalf of the City to submit instructions to the escrow agent, through the State, to direct the transfer of San Francisco's settlement funds from the Escrow Account to the City.

5. According to Ms. Michelle Sexton of the City Attorney's Office, before any of the subject tobacco settlement funds can be expended by the City, such funds will require appropriation approval by the Board of Supervisors.

6. The Budget Analyst notes that Proposition A, approved by the San Francisco voters in November of 1999 requires that all tobacco settlement monies received by the City, after \$1 million is set aside each year for smoking education and prevention programs, would be used to pay for construction of a new Laguna Honda facility. A proposed ordinance (File 00-0068), that is scheduled to be calendared for the February 16, 2000 Finance and Labor Committee Meeting, would establish a new Special Fund, the Tobacco Settlement Revenue Account to finance the costs of the acquisition, improvement, construction and/or reconstruction of a health care assisted living and/or continuing care facility to replace Laguna Honda Hospital and would establish a new segregated sub-account, the Tobacco Education and Control Revenue Sub-Account for tobacco education and control purposes.

7. Ms. Peg Stevenson of the Controller's Office reports that if the proposed subject resolution (File 00-0069) is approved and the City withdraws and accepts the proposed tobacco settlement funds but the proposed pending ordinance (File 00-0068) is not approved by the time the City receives the tobacco settlement funds, the Controller's Office would deposit the received tobacco settlement funds into the City's General Fund. Once the new Special Fund and/or subaccounts are established, the tobacco settlement funds, plus the accrued interest earnings on those funds, would be transferred into the new Special Fund and/or subaccounts.

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

Recommendation: Approve the proposed resolution.

File No. 000181

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

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available for review at reception desk, City Hall, Room 244 |
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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

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Item 5 - File 00-0181

Department: Treasure Island Development Authority

Item: **Hearing** to consider the release of \$500,000 reserved funds for the Treasure Island Project for a contract with Geomatrix Consultants, Inc., to perform environmental monitoring of the U.S. Navy's environmental clean-up program at Treasure Island, through the end of FY 1999-2000.

Amount: Although the subject hearing requests release of \$500,000 in reserved funds, the Treasure Island Development Authority has subsequently revised this request to release \$200,000 of the \$500,000 reserved funds.

Source of Funds: General Fund monies of \$500,000 appropriated and placed on reserve by the Board of Supervisors in the FY 1999-2000 Treasure Island Project budget.

Description: During the FY 1999-2000 budget review, the Board of Supervisors placed \$500,000 on reserve, pending the establishment of a contract for environmental monitoring of the Navy's environmental clean-up at Treasure Island. The Treasure Island Development Authority is now proposing to expend \$200,000 of the subject funds on a contract with Geomatrix, Consultants, Inc. to provide oversight of the U.S. Navy's environmental clean up program on Treasure Island. The requested monies would fund oversight activities by Geomatrix through June of 2000. According to Mr. Robert Mahoney of the Treasure Island Development Authority, Geomatrix has already incurred obligations of \$27,311.75 of the proposed \$175,000 contract with the City for the period from November 26, 1999 through December 30, 1999 (Attachment I).

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

Budget: The summary budget for the proposed contract with Geomatrix is as follows:

Scheduled Technical Meetings	\$ 15,000
Supplemental Technical Meeting	40,000
Document Review	45,000
Interim Data Review	12,500
Field Oversight and Sample	10,000
Project Tracking	<u>12,000</u>
Subtotal	\$134,500
Contingency (30.1 percent)	<u>40,500</u>
Total	\$175,000

Attachment II, provided by the Treasure Island Development Authority, provides budget details to support the \$175,000 request, and describes the specific activities and estimated costs associated with the environmental review and remediation activities noted above. Attachment III, provided by the Department of Public Works (DPW), contains details to support the budget noted above, including the hours and hourly rate for each of the specified activities.

Comments:

1. According to Mr. Steve Mullinnix of DPW, Geomatrix was selected by the Department of Public Works (DPW) as an "as needed" consultant for environmental review and remediation activities at Treasure Island through a Request for Proposal (RFP) process. Attachment IV, provided by DPW, is a list of all firms which submitted proposals for this contract and the ratings received by each firm. Mr. Mullinnix states that Geomatrix, which was selected because of its experience with base closure work, would provide a third party evaluation of the Navy's environmental remediation program for former Treasure Island Naval Station.

2. Mr. Mullinnix states that Geomatrix would provide the specified services on an as-needed basis and would be reimbursed for the services performed. Although the Treasure Island Development Authority has requested \$200,000 to be released, the total estimated cost of the contract, including a 30.1 percent contingency, is \$175,000. Therefore, the request should be reduced by \$25,000 (\$200,000 less \$175,000). However, according to Mr.

BOARD OF SUPERVISORS
BUDGET ANALYST

Mullinnix, contingencies in DPW construction contracts generally range from 5% to 15%. Mr. Mullinnix states that consulting contracts do not normally contain a contingency but, as explained in Attachment II, the proposed contract contains a contingency because unforeseen activities, such as additional investigations and technical meetings, are expected to result from the collection of new field data. The Budget Analyst also recommends that the amount of funds budgeted for contingencies be reduced by \$20,325, from \$40,500, or 30.1 percent, to \$20,175. That would result in a 15 percent contingency instead of a 30.1 percent contingency. As a result, the total estimated cost of the contract should be reduced by \$45,325 (\$25,000 to provide for the amount needed, consistent with the details provided by the Department, plus \$20,325 to reduce the amount provided for contingencies), from \$200,000 to \$154,675.

3. As previously noted, the total Reserve for this project in the FY 1999-2000 budget is \$500,000.

4. Subsequent to the Budget Analyst providing the Authority with a draft version of the Budget Analyst's report, the Authority provided an explanation for the purpose of obtaining an additional \$25,000 in excess of the \$175,000 budget initially provided. The Authority states that the additional \$25,000 would be used for related environmental issues (such as potential geotechnical and dredging consultation) that may require consultation expertise from firms other than Geomatrix. The Budget Analyst recommends that the subject \$25,000 remain on reserve, pending selection of a contractor and submission of budget details for that \$25,000 request.

5. As noted above, the Authority has already incurred \$27,311.75 in obligations, out of the proposed \$175,000 budget for Geomatrix. Because such obligations have been incurred prior to Board of Supervisors approval of the release of the requested \$200,000 reserved funds, the Budget Analyst considers that this subject request is a policy matter for the Board of Supervisors.

Recommendations: 1. Reduce the amount of the requested release of reserved funds by \$45,325, from \$200,000 to \$154,675, and continue

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

to reserve \$345,325 (\$500,000 less \$154,675), in accordance with Comment No. 2 above.

2. Because obligations have been incurred by the contractor, prior to obtaining Board of Supervisors approval, the Budget Analyst considers that the release of the balance of \$154,675 is a policy matter for the Board of Supervisors.

**OFFICE OF THE MAYOR
SAN FRANCISCO****WILLIE LEWIS BROWN, JR.****TREASURE ISLAND PROJECT
410 AVENUE OF PALMS, BLDG #1
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299****MEMORANDUM****February 3, 2000**

TO: Board of Supervisors' Budget Analyst
Attention: Severin Campbell

FROM: Eila Arbuckle, Finance Manager
Treasure Island Development Authority

RE: Request for Release of Reserved Funds for Environmental Monitoring
February 9, 2000 Finance and Labor Committee Meeting

The Treasure Island Development Authority (Authority) requests release of \$200,000 of the \$500,000 appropriated and placed on reserve by the Board of Supervisors in the FY1999-2000 Treasure Island Project Budget pending the establishment of a contract for environmental monitoring of the Navy's environmental clean-up of Treasure Island. The sources of the General Fund monies are revenues earned by the Treasure Island Project from facility rentals. The Authority is now proposing to expend \$200,000 of these funds:

- \$175,000 on a contract with Geomatrix Consultants, Inc. to provide oversight of the U.S. Navy's environmental clean up program on former naval station Treasure Island, and
- \$25,000 for use in related environmental issues (such as potential geotechnical and dredging consultation) that may require consultation expertise from firms other than Geomatrix.

The City and County of San Francisco (City) established the Treasure Island Development Authority (Authority) to manage the conversion of former Naval Station Treasure Island from Navy use to civilian use. As part of its transfer responsibilities, the Navy is undertaking an environmental remediation program to meet federal requirements that an environmentally clean base is transferred. One of the Authority's chief responsibilities is to assure that the Navy's environmental remediation activities achieve the agreed clean-up level for planned civilian use.

In FY1998-1999, in order to secure an independent analysis of the thoroughness and defensibility of the environmental work conducted by the Navy, and to assure the compatibility of proposed remedial activities with the Authority's redevelopment plans, the Authority, through the Department of Public Works Site Assessment and Remediation Division's existing contract with Geomatrix for as needed services, retained Geomatrix as an independent consultant to oversee the Navy's environmental remediation program. The Authority and DPW have

negotiated a contract extension with Geomatrix, and DPW has secured approval of such a contract extension from the Department of Human Resources as required.

According to Mr. Robert Mahoney, Deputy Executive Director of the Authority, Geomatrix incurred obligations of \$27,311.75 for the period November 26, 1999 through December 30, 1999. Prior to incurring these obligations, Mr. Mahoney and Mr. Steve Mullinix of DPW's Site Assessment and Remediation Division discussed the status of funds on reserve for monitoring the Navy's environmental remediation with Geomatrix. Given that at least four meetings had previously been scheduled for December and the significant risk to the project schedule if the meetings had to be postponed, Geomatrix agreed to proceed pending the request to the Board of Supervisors for release of reserved funds.

The meetings scheduled for December 1999 included discussions of:

- Field Sampling Plans (FSPs) for Buildings 1205/1207, 1244, and 1251/1253
- Field Sampling Plans for Debris Disposal Areas C and D
- Field Sampling Plans for the Marina (Clipper Cove)
- Field Sampling Plans for Corrective Action Plan (CAP) sites
- Field Sampling Plans for fuel line investigations
- Strategic project planning.

The estimated cost of the contract with Geomatrix recommended by the Treasure Island Development Authority is \$175,000, which includes \$40,500 or 23% for contingencies. Mr. Mullinix states that DPW construction contracts generally provide contingencies ranging from 5% to 15%, and consulting contracts generally do not provide contingency budgets. However, as explained in Attachment I, the proposed contract contains a significant contingency because unforeseen activities, such as additional investigations and technical meetings, are expected to result from the collection of new field data. Mr. Mahoney and Mr. Mullinix strongly urge that the Treasure Island Development Authority be provided with the flexibility required to manage efficiently the monitoring of the Navy's environmental remediation program by approving the full contingency budget in the Geomatrix contract and by providing \$25,000 for potential specialized consultation services.

TABLE 1

**BUDGET ESTIMATE SUMMARY FOR
ENVIRONMENTAL AND CIVIL ENGINEERING CONSULTATION SERVICES**

**NAVAL STATION TREASURE ISLAND
SAN FRANCISCO, CALIFORNIA**

Task	Estimated Cost
Task 1: Regulatory Scheduled Technical Meetings	\$ 15,000
Task 2: Supplemental Technical Meetings	\$ 40,000
Task 3: Document Review	\$ 45,000
Task 4: Interim Data Review	\$ 12,500
Task 5: Field Oversight and Sample Collection	\$ 10,000
Task 6: Project Tracking	\$ 12,000
Task 7: Contingency	\$ 40,500
TOTAL:	\$175,000

INVOICING

Geomatrix will submit monthly bills to the attention of Steve Mullinix at the Department of Public Works, Bureau of Construction Management, SAR, 1680 Mission Street, San Francisco CA. These invoices will be itemized by task, and within each task total costs per staff level will be identified. Expenses also will be identified and supported by copies of original invoices. Meetings will be identified by subject, date and attendees.

WORK PLAN

ENVIRONMENTAL AND CIVIL ENGINEERING CONSULTATION SERVICES

NAVAL STATION TREASURE ISLAND SAN FRANCISCO, CALIFORNIA

This Work Plan outlines the specific activities Geomatrix will perform to provide a third party evaluation on the Navy's environmental remediation program for former naval station Treasure Island as requested by the Treasure Island Development Authority (Authority). The Authority seeks to:

- Secure an independent analysis of the thoroughness and defensibility of the Navy's environmental remediation work
- Assure the compatibility of the Navy's remedial activities with the Authority's redevelopment plans.

SCOPE OF WORK

The primary scope of work includes seven tasks:

- Task 1: Attend and participate in regularly scheduled technical meetings
- Task 2: Attend and participate in supplemental technical meetings
- Task 3: Review and provide written comments on technical documents
- Task 4: Review interim data from field programs to assess data quality, and create presentations (such as tables or maps) to summarize the field data, and/or compare the field data to appropriate screening criteria.
- Task 5: Oversee the Navy's sample collection or undertake independent sample collection
- Task 6: Track Navy's activities base-wide and report weekly to the Authority
- Task 8: Contingency

Task 1: Regularly Scheduled Technical Meetings -- Estimated Cost: \$15,000

This task entails attending regularly scheduled BRAC Closure Team (BCT) or Restoration Advisory Board (RAB) meetings, including preparation time and reviewing and commenting on meeting minutes. For purposes of this cost estimate, it is assumed that the consultant will attend 8 BCT meetings and 2 RAB meetings (average cost of \$1,500 per meeting).

Task 2: Supplemental Technical Working Meetings -- Estimated Cost: \$40,000

This task entails attending supplemental technical working meetings that are scheduled to follow-up on outstanding issues identified in the monthly BCT or RAB meetings. These meetings also may be related to assisting the City with risk communication. This task involve preparation time and reviewing and commenting on meeting minutes; however, the preparation time for these meetings is expected to be longer than for the regularly scheduled meetings. Based on the number of supplemental technical meetings scheduled during the previous 6-month

period, it is assumed that the consultant will attend 3 meetings per month or a total of 24 of these meetings (average cost of \$1,675 per meeting).

Task 3: Document Review – Estimated Cost: \$45,000

This task entails reviewing work plans, reports, and other documents prepared by the Navy or other parties (e.g., regulatory review comments), preparation of a draft letter summarizing the comments for the Authority's review and preparation of a final letter incorporating the Authority's comments. The following 18 documents are scheduled to be issued and reviewed between November 1999 and June 2000 based on the schedule of reports provided by the Navy at the November 1, 1999 BCT meeting or as modified in subsequent meetings.

- Draft Pilot Test Technical Memorandum (TM) for Corrective Action Plan (CAP) Sites
- Final Pilot Test TM for CAP Sites
- Draft Final Field Sampling and Analysis Plan (FSAP) for CAP Sites
- Final FSAP for CAP Sites
- Draft Focused Investigation TM for CAP Sites
- Final Focused Investigation TM for CAP Sites
- Final Fuel Line Remedial Investigation/Corrective Action Plan (RI/CAP) Work Plan
- Draft Fuel Line RI/CAP Report
- Draft Final Phase 2a Site Supplemental Environmental Baseline Survey (SEBS)
- Draft Letter Report for Building 1207/1209 Lead Removal Action
- Final Letter Report for Building 1207/1209 Lead Removal Action
- Draft Field Sampling Plan (FSP) for Elementary School Area
- Final FSP for Elementary School Area
- Draft FSP for Buildings 1205/1207, 1244, 1251/1253, and Debris Disposal Areas (DDAs) C and D
- Final FSP for Buildings 1205/1207, 1244, 1251/1253, and Debris Disposal Areas (DDAs) C and D
- Draft FSP for DDAs A and B
- Final FSP for DDAs A and B
- Final Removal Site Evaluation/Action Memorandum (RSE/AM) for Building 1133 Removal Action

The cost to review and comment on work plans, reports, or other documents is expected to range from approximately \$1,000 to \$10,000 per document depending on the amount and complexity of the information presented. For purposes of this cost estimate, it is assumed that the cost to review each document will average \$2,500.

Task 4: Interim Data Review -- Estimated Cost: \$12,500

This task entails reviewing interim data during and immediately following field programs to assess the need for additional investigation or expedited remedial action prior to completion of an investigation report. This review may include an assessment of data quality, creation of tables or maps summarizing the data, and/or comparison of the data to appropriate screening criteria. The results of this review may be presented to the Authority verbally or in writing depending on the nature of the investigation. For purposes of this cost estimate, it is assumed that the consultant will review data from five field programs (i.e., Former Storage Yard; Manner Drive; Elementary School; Buildings 1205/1207, 1244, and 1251/1253 and Debris Disposal Areas C and D; Disposal Areas A and B) at an average cost of \$2,500 per area.

Task 5: Field Oversight and Sample -- Estimated Cost: \$10,000

This task entails field oversight or sample collection to assure the quality of the Navy's work or to fill data gaps critical to the Authority's needs that are not addressed by the Navy or required by the regulators. Field oversight may be associated with site investigation or removal actions. In either case, the consultant will observe field activities to ensure compliance with approved work plans (e.g., general quality assurance/quality control, sample number, location, and analysis, including confirmation samples if applicable). Sample collection may be conducted in conjunction with a Navy field effort (split samples) or independently from the Navy's environmental program. For purposes of this cost estimate, it is assumed that the consultant will oversee one of the Navy's field efforts and conduct one sampling program.

Task 6: Project Tracking -- Estimated Cost: \$12,000

This task entails tracking the Navy's progress on a base-wide basis to ensure that the City's needs are met. The consultant will prepare a Project Status Summary on a monthly basis that identifies key issues, action items associated with those issues, the party responsible for completing the action item, and the date by which the action item will be addressed. The Project Status Summary will also include a subset of upcoming reports. Other activities under this task may include creation and maintenance of a schedule to facilitate closely tracking the Navy's activities (e.g., investigation/removal activities in Site 12). Finally, this task will entail weekly progress reports to the City documenting the activities completed and estimated costs for the reporting period and costs incurred to date. Project tracking costs are estimated to be \$1,500 per month.

Task 7: Contingency -- Estimated Cost: \$40,500

Although the process for completing environmental investigations at NSTI is fairly well defined, unforeseen activities inevitably arise as new field data are collected. These activities may include additional investigations, which result in additional work plans and reports that require review, and additional meetings to address technical issues. The level of effort required to addresses these types of unforeseen activities is difficult to estimate, but represented approximately 30 percent of the total level of effort expended during the previous 6-month period. Therefore, a contingency budget of 30 percent of the total estimated cost for Tasks 1 through 6 is assumed for purposes of this cost estimate.

The total estimated cost to complete the above-described Scope of Work is \$175,000.

Request for Release of Reserve and Background Information

Environmental and Civil Engineering Consultation Services for Treasure Island (to be provided by Geomatrix Consultants)

General Background

The process of conversion of former federal military facilities to civilian use has been a complex, expensive and time-consuming task for municipalities and agencies wishing to quickly develop these former bases.

The base conversion process typically includes environmental issues that must be resolved in a fashion that identifies and removes/controls contaminants to allow safe use of parcels for subsequent occupancy and redevelopment.

In practice, the task of identifying environmental hazards and ensuring cleanup to safe levels for eventual occupants is made difficult by the differing agendas of varying stakeholders in the reuse process:

- The Department of Defense wants to spend as little as possible and hopes to minimize sampling and cleanup costs
- While regulatory agencies such as EPA and State Department of Toxic Substance Control often prioritize cleanup to very high standards, the costs of sampling, human and environmental risk studies and remediation are not their main concerns
- Public and special interest groups may have agendas varying from extreme caution and concerns over health risks to minimizing cleanups for immediate development
- Local government wishes to promote development in a safe environment without having development restrictions due to partial cleanup of environmental concerns.

In the cleanup and reuse of parcels such as Treasure Island, City staff require assistance from specialized consultants to quickly evaluate environmental risks, negotiate with all stakeholders and pursue prompt cleanup and reuse.

Geomatrix Consultants has extensive experience in the military base conversion process including long-term involvement in both the Hunter's Point Shipyard and Treasure Island conversion process. They have provided excellent service in the past and City staff wishes to retain their knowledge and experience to help complete the transfer process.

Comments on Geomatrix Work Plan and Budget EstimateWork Item 1 - Participate in regularly scheduled public technical meetings (\$15,000)

Geomatrix staff attend BRAC and RAB community meetings and comment on proposed investigation cleanup and reuse issues. 10 meetings @ estimated \$1,500 per meeting.

Estimated costs are reasonable given the following staff rates and anticipated level of participation (\$1,667.25 TD):

Principal (occasional, 10 hours)	\$165-\$180 per hour	\$1,800
Senior Staff (frequent, 80 hours (toxicologist, hydrogeologist))	\$135 per hour	\$10,800
Support staff (as needed 32 hours) (Cad/Graphics, Administrative)	\$48 -\$75 per hour	\$3,200

Task 2 - Attend and participate in supplementary technical meetings (\$40,000)

Geomatrix staff assist City staff in followup technical meetings typically working on issues identified in BRAC and RAB minutes. 24 meetings @ \$1,650 per meeting.

Estimated costs are reasonable given need to resolve both RAB and BRAC issues and staff rate usage (\$2,767.50 TD):

Principal (occasional, 10 hours)	\$165-\$180 per hour	\$1,800
Senior Staff (frequent, 140 hours (toxicologist, hydrogeologist))	\$135 per hour	\$18,900
Associate Staff (frequent, 150 hours)	\$95-\$105 per hour	\$15,750
Support staff (as needed 50 hours) (Cad/Graphics, Administrative)	\$48-\$75 per hour	\$3,550

Task 3 - Document Review (\$45,000)

Geomatrix staff assist City staff in preparing review comment letters on proposed Navy cleanup actions and regulatory agency concerns.

Estimated costs are reasonable given the large number and complexity of individual documents (\$2,028.00 TD):

Principal (occasional, 20 hours)	\$165-\$180 per hour	\$3,600
Senior Staff (frequent, 140 hours (toxicologist, hydrogeologist))	\$135 per hour	\$18,900
Associate Staff (frequent, 150 hours)	\$95-\$105 per hour	\$15,750
Support staff (as needed 90 hours) (Cad/Graphics, Administrative)	\$48-\$75 per hour	\$6,750

Task 4 - Interim Data Review (\$12,500)

Geomatrix staff assist City staff in review of existing data, identify data gaps and evaluate associated reuse and health risks.

Estimated costs are reasonable given need to be sure that all cleanup actions are thorough and appropriate for intended usages (\$1,312.50 TD):

Principal (occasional, 4 hours)	\$165-\$180 per hour	\$720
Senior Staff (frequent, 40 hours (Toxicologist, hydrogeologist))	\$135 per hour	\$5,400
Associate Staff (frequent, 40 hours)	\$95-\$105 per hour	\$4,200
Support staff (as needed 40 hours) (Cad/Graphics, Administrative)	\$48-\$75 per hour	\$2,180

Task 5 - Field Oversight and Sampling (\$10,000)

Geomatrix staff provide field inspection and oversight of sample collection and ongoing remedial activities.

Estimated costs are reasonable given current knowledge of proposed remedial and sampling activities (\$1,451.25 TD):

Senior Staff (limited, 8 hours (toxicologist, hydrogeologist))	\$135 per hour	\$1,080
Associate Staff (frequent, 40 hours)	\$95-\$105 per hour	\$4,200
Support staff (as needed 8 hours)	\$48-\$75 per hour	\$460

(Cad/Graphics, Administrative)
Outside Laboratory Analyses

cost varies by analysis

\$4,260

Task 6 - Project Tracking (\$12,000)

Geomatrix staff provide overall progress reports to City staff summarizing ongoing remedial activities to ensure that cleanup and investigation milestones are being met by the Navy.

Estimated costs are reasonable given the volume of activities and reporting to track (\$4,444.10 TD).

Senior Staff (frequent, 24 hours (toxicologist, hydrogeologist)	\$135 per hour	\$3,240
Associate Staff (frequent, 75 hours)	\$95-\$105 per hour	\$7,875
Support staff (as needed 16 hours) (Cad/Graphics, Administrative)	\$48-\$75 per hour	\$885

Task 7 - Contingency (\$40,500)

Geomatrix assumes a large contingency budget based on past experience. The assumption of a large contingency budget is very reasonable given the fluid nature of reuse planning. The sudden discovery of additional contaminants requires additional sampling and new reuse proposals may require differing cleanup strategies requiring prompt and informed decisions on environmental issues (\$4,020.00 TD).

Senior Staff (frequent, 40 hours) (toxicologist, hydrogeologist)	\$135 per hour	\$5,400
Associate Staff (frequent, 80 hours)	\$95-\$105 per hour	\$8,400
Support staff (as needed 40 hours) (Cad/Graphics, Administrative)	\$48-\$75 per hour	\$2,400
Outside Laboratory Analyses	cost varies by analysis	\$24,300

Summary Comments

Geomatrix cost estimates are reasonable given the City's experience in both the Treasure Island and Hunter's Point environmental problem solving history. The request for large contingencies is not out of line for environmental work. While typical construction contingencies may run from 5 to 15% of project costs (depending on the nature of construction), our experience is that contingencies for environmental restoration and remediation may run from 15% to 40%. This is based on hard choices - spend large sums up front sampling and analyzing subgrade contaminants to minimize uncertainty or keep large contingencies to deal with unforeseen conditions. Geomatrix past experience is of great value in resolving these ongoing environmental issues - City staff wish to retain their institutional knowledge and experience. Geomatrix utilizes local MBE/WBE consulting firms in performing these tasks; the anticipated utilization of Olivia Chen Consulting as a subconsultant is about 10%. Geomatrix was selected for this task via a competitive RFP process monitored and approved by the City's Human Rights Commission and the Civil Service Commission. A copy of the OFFMA 88 Form used to document other firms unsuccessfully competing for the work is attached. Rate information on firms submitting unsuccessful proposals has been discarded and is not available. Geomatrix rates are consistent with standard rates for environmental consulting services. Geomatrix currently complies with the City's 12B requirements and offers benefit packages to employees in compliance with current City policies.

- 7) The request for release of reserve is for \$200,000. Staff requests release of the additional \$25,000 for use in related environmental issues (such as potential geotechnical and dredging consultation) that may require consultation expertise from firms other than Geomatrix.

OFFMA-88

DEPARTMENT OF PUBLIC WORKS RFP SOLICITATION SUMMARY

Bureau of Construction Management

Job No.: 9899TIC Title: Environmental and Civil Engineering Consultation Services for TI

Scope of Work: To provide oversight on City projects involving the reuse of Treasure Island and comment on risk assessments and cleanup standards as they relate to future development

SCORING

ORIG = Original Score WPRF = With Preference

Firms Submitting RFP	MBE WBE LBE *	Qualification		Propo sal		Inter views		Total	
		ORIG	WPRF	ORIG	WPRF	ORIG	WPRF	ORIG	WPRF
Applied Remedial Technologies	MBE	n/a	n/a	166	182.6	113	124.3	113	124.3
Arcost PM	MBE	n/a	n/a	118	129.8			n/a	n/a
Gabewell	WBE	n/a	n/a	Non-respon sive	n/a	n/a	n/a	n/a	n/a
Geomatrix	none	n/a	n/a	293	293	385	385	293	293
Harding Lawson Associates (HLA)	none	n/a	n/a	254	254	268	268	268	268
ICES	none	n/a	n/a	97	97	n/a		n/a	n/a
Treadwell & Rollo	none	n/a	n/a	Non-respon sive		n/a		n/a	n/a
Vertex	none	n/a	n/a	148	148	208	208	208	208
									n/a

* MBE/WBE/LBE Codes: A-Asian B-Black L-Latino W-Woman

All firms submitting RFP are shown above.

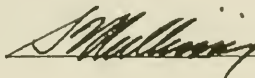
CONSULTANT SELECTED: GEOMATRIX

Reason (s) for selection:

Highest ranked in oral interview

Panel Members	Affiliation	Minority or Woman
John Chester	CCSF, DPW - BCM/SAR	
Stan DeSouza	CCSF, DPW - BCM/SAR	AM
Rona Sandler	City Attorney	W
Martha Walters	Redevelopment	W

CONTRACT MANAGER



DATE

1/21/05

BCM/SAR 07/01/97

W:\97RFPs\AC9799\OFFMA88.DOT

OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

00 JAN 25 11:03 AM
PC

000181

TREASURE ISLAND PROJECT
410 AVENUE OF PALMS, BLDG #1
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

January 14, 2000

Hon. Leland Yee ✓
Chair, Finance Committee
San Francisco Board of Supervisors
City Hall
One Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Release of Reserve Funds

Dear Supervisor Yee:

As part of the FY 2000 budget process, \$500,000 of the Treasure Island Project's budget was placed on reserve pending establishment of a contract for environmental monitoring services. We are now requesting the release of these funds and their allocation as summarized below. Please note that the original estimate of \$500,000 for environmental monitoring services has been revised and we now estimate the cost of these services to be \$200,000 for FY 2000. We therefore are requesting that the \$300,000 balance not needed for environmental monitoring be reallocated to building maintenance services.

Request for Allocation of Reserved Funds, Index Code 210009

Subobject	Description	Amount
02799	Environmental Monitoring	\$200,000
02801	Scavenger Services	\$75,000
02802	Janitorial Services	\$85,000
-2899	Other Building Maintenance services	\$140,000

We would appreciate your scheduling the appropriate Board Committee action at your earliest convenience.

Sincerely,

Handwritten signature of Eila M. Arbuckle in dark ink.
Eila M. Arbuckle
Finance Manager

TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Agenda Item No. 11

Meeting of December 15, 1999

Subject: Funding an extension of the contract with Geomatrix to continue to provide oversight of the U.S. Navy's environmental clean up program on Treasure Island

Contact/Phone: Robert Mahoney, Deputy Executive Director
274-0660

SUMMARY OF PROPOSED ACTION

Authorize the release of funds to the Department of Public Works for an amount not to exceed \$200,000 to fund an extension of the contract with Geomatrix to continue to provide oversight of the U.S. Navy's environmental clean up program on Treasure Island

DISCUSSION

The City and County of San Francisco (City) established the Treasure Island Development Authority (Authority) to manage the conversion of former Naval Station Treasure Island from Navy use to civilian use. As part of its transfer responsibilities, the Navy is undertaking an environmental remediation program to meet federal requirements that an environmentally clean base is transferred. One of the Authority's chief responsibilities is to assure that the Navy's environmental remediation activities achieve the agreed clean-up level for planned civilian use. The Authority, through the City's Department of Public Works, has retained a consultant, Geomatrix, to secure an independent analysis of the thoroughness and defensibility of the environmental work conducted by the Navy, and to assure the compatibility of the Navy's proposed remediation activities with the Authority's redevelopment plans. The contract extension will continue these oversight activities through June 2000.

Geomatrix was selected by the Department of Public Works as an "as needed" consultant for environmental review and remediation activities through a public Request for Proposals process. The contract extension needed by the Authority has been approved by the San Francisco Civil Service Commission.

Pending establishment of a contract to provide environmental monitoring services, the FY 2000 budget estimate of \$500,000 for such work was placed on reserve by the Board of Supervisors. If authorized by the Authority, staff will request release of these funds from the Board. Please note that the original estimate (made in January 1999) has been reduced as work on the environmental remediation program has proceeded.

BACKGROUND

For the environmental remediation program, Treasure Island and Yerba Buena Island were divided into 144 parcels (118 on TI and 26 on YBI) which were then classified by environmental condition to enable the Navy and the Authority to identify properties that are suitable for lease or transfer on an on-going basis. A Restoration Advisory Board (RAB) was established to provide public review, input and comment on all aspects of the environmental remediation program.

Concurrent with the parcel classification program, the Navy initiated an Installation Restoration (IR) Program to identify and investigate potential hazardous waste sites. Twenty-five IR sites originally were selected for investigation and remediation, if needed, under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). These 25 IR sites were grouped into Onshore and Offshore Operating Units (OUs). Site 12 was broken out from the Onshore OU and established as a separate OU because completion of the entire Onshore OU would not accommodate the Authority's reuse schedule for Site 12. An additional group of IR sites that comprise the planned SWA may be broken out from the Onshore OU as a separate OU also to accommodate the Authority's redevelopment schedule. Nine IR sites were classified as petroleum-only sites, and were removed from the CERCLA process. Investigation and remediation of these nine IR sites is being performed under California Underground Storage Tank regulations with the State of California Department of Toxic Substances Control (DTSC) as the lead regulatory agency for the project. In addition, the California Regional Water Quality Control Board – San Francisco Region (RWQCB) and U.S. Environmental Protection Agency (EPA) have been actively participating in the process.

All of the OUs described above are being investigated concurrently. Between November 1999 and June 2000, the oversight work will be focused on three areas: 60% on Site 12, 25% on SWA, and 15% on the petroleum and fuel pipeline sites, and Onshore and Offshore OUs. Site 12 consists primarily of residential housing and the Authority has begun to lease the housing units as scheduled. However, DTSC has identified parts of Site 12 formerly cleared for leasing as requiring further evaluation. Since the Authority's leasing schedule calls for all housing areas to be leased within the next several months, implementation of the additional investigation has been expedited. Investigation of the SWA is focused on assuring that the Authority's schedule, which calls for groundbreaking next summer, can be met. The balance of the work is focused on the petroleum and fuel pipeline sites, and the remainder of the Onshore and Offshore OUs.

SCOPE OF WORK

The primary scope of work includes:

- attending technical and strategy meetings,
- assisting the Authority with risk communication,
- reviewing work plans and reports, and
- providing occasional field oversight or collecting samples.

Monthly technical meetings are held to review the status of on-going tasks and identify outstanding issues. The Navy and its consultants, the Authority and its consultants, regulators, and RAB members participate in these meetings. Additional meetings are scheduled to address significant issues identified at the monthly meeting. These technical working meetings clarify details of a specific field program or technical evaluation approach. Other supplemental meetings

may be associated with assisting the Authority with risk communication, including technical presentations to Authority management, regulators, and tenants. In addition, the Navy prepares work plans and reports to document its approach, confirm agreements between interested parties, and comply with regulatory requirements, which also are reviewed by the Authority's consultant. Finally, the Authority occasionally may request that its consultant oversee the Navy's field work or collect field samples to verify the adequacy of the Navy's work, or to fill a data gap critical to the Authority's needs that is not addressed by the Navy.

The process for completing environmental investigations at NSTI is fairly well defined; however, regulators commonly identify the need for previously unplanned activities (additional investigations, reports and meetings) as new field data are collected and analyzed. Additional work plans and reports are then prepared that, in turn, require additional review and additional meetings to address technical issues. The level of effort required to respond to such activities is difficult to estimate, but represented approximately 30% of the consultant's total work during the previous six-month period.

RECOMMENDATION

Staff recommends approval

RESOLUTION AUTHORIZING THE RELEASE OF FUNDS TO THE DEPARTMENT OF PUBLIC WORKS FOR AN AMOUNT NOT TO EXCEED \$200,000 TO FUND AN EXTENSION OF THE CONTRACT WITH GEOMATRIX TO CONTINUE TO PROVIDE TECHNICAL OVERSIGHT OF THE UNITED STATES NAVY'S ENVIRONMENTAL CLEANUP PROGRAM ON FORMER NAVAL STATION TREASURE ISLAND

WHEREAS, former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (I) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors, has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant an interest in or right to use or occupy all or any portion of the real property located on the Base; and,

WHEREAS, Geomatrix Consultants Incorporated was selected to provide assistance in reviewing, commenting and overseeing the Navy's environmental remediation program on former naval station Treasure Island following a public Request for Proposals process; and

WHEREAS, the Authority needs to continue to oversee the Navy's environmental remediation program;

Now, therefore be it RESOLVED, That the Authority hereby authorizes the release of already budgeted funds to the Department of Public Works to fund the continuation of technical

oversight of the United States Navy's environmental cleanup program on former naval base Treasure Island pursuant to the terms and conditions of the contract attached hereto as Exhibit A.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on December 8, 1999.

John Elberling, Secretary

WORK PLAN

ENVIRONMENTAL AND CIVIL ENGINEERING CONSULTATION SERVICES

NAVAL STATION TREASURE ISLAND SAN FRANCISCO, CALIFORNIA

This Work Plan outlines the specific activities Geomatrix will perform to provide a third party evaluation on the Navy's environmental remediation program for former naval station Treasure Island as requested by the Treasure Island Development Authority (Authority). The Authority seeks to:

- Secure an independent analysis of the thoroughness and defensibility of the Navy's environmental remediation work
- Assure the compatibility of the Navy's remedial activities with the Authority's redevelopment plans.

SCOPE OF WORK

The primary scope of work includes seven tasks:

- Task 1:** Attend and participate in regularly scheduled technical meetings
- Task 2:** Attend and participate in supplemental technical meetings
- Task 3:** Review and provide written comments on technical documents
- Task 4:** Review interim data from field programs to assess data quality, and create presentations (such as tables or maps) to summarize the field data, and/or compare the field data to appropriate screening criteria.
- Task 5:** Oversee the Navy's sample collection or undertake independent sample collection
- Task 6:** Track Navy's activities base-wide and report weekly to the Authority
- Task 8:** Contingency

Task 1: Regularly Scheduled Technical Meetings -- Estimated Cost: \$15,000

This task entails attending regularly scheduled BRAC Closure Team (BCT) or Restoration Advisory Board (RAB) meetings, including preparation time and reviewing and commenting on meeting minutes. For purposes of this cost estimate, it is assumed that the consultant will attend 8 BCT meetings and 2 RAB meetings (average cost of \$1,500 per meeting).

Task 2: Supplemental Technical Working Meetings -- Estimated Cost: \$40,000

This task entails attending supplemental technical working meetings that are scheduled to follow-up on outstanding issues identified in the monthly BCT or RAB meetings. These meetings also may be related to assisting the City with risk communication. This task involve preparation time and reviewing and commenting on meeting minutes; however, the preparation time for these meetings is expected to be longer than for the regularly scheduled meetings. Based on the number of supplemental technical meetings scheduled during the previous 6-month

period, it is assumed that the consultant will attend 3 meetings per month or a total of 24 of these meetings (average cost of \$1,675 per meeting).

Task 3: Document Review -- Estimated Cost: \$45,000

This task entails reviewing work plans, reports, and other documents prepared by the Navy or other parties (e.g., regulatory review comments), preparation of a draft letter summarizing the comments for the Authority's review and preparation of a final letter incorporating the Authority's comments. The following 18 documents are scheduled to be issued and reviewed between November 1999 and June 2000 based on the schedule of reports provided by the Navy at the November 1, 1999 BCT meeting or as modified in subsequent meetings.

- Draft Pilot Test Technical Memorandum (TM) for Corrective Action Plan (CAP) Sites
- Final Pilot Test TM for CAP Sites
- Draft Final Field Sampling and Analysis Plan (FSAP) for CAP Sites
- Final FSAP for CAP Sites
- Draft Focused Investigation TM for CAP Sites
- Final Focused Investigation TM for CAP Sites
- Final Fuel Line Remedial Investigation/Corrective Action Plan (RI/CAP) Work Plan
- Draft Fuel Line RI/CAP Report
- Draft Final Phase 2a Site Supplemental Environmental Baseline Survey (SEBS)
- Draft Letter Report for Building 1207/1209 Lead Removal Action
- Final Letter Report for Building 1207/1209 Lead Removal Action
- Draft Field Sampling Plan (FSP) for Elementary School Area
- Final FSP for Elementary School Area
- Draft FSP for Buildings 1205/1207, 1244, 1251/1253, and Debris Disposal Areas (DDAs) C and D
- Final FSP for Buildings 1205/1207, 1244, 1251/1253, and Debris Disposal Areas (DDAs) C and D
- Draft FSP for DDAs A and B
- Final FSP for DDAs A and B
- Final Removal Site Evaluation/Action Memorandum (RSE/AM) for Building 1133 Removal Action

The cost to review and comment on work plans, reports, or other documents is expected to range from approximately \$1,000 to \$10,000 per document depending on the amount and complexity of the information presented. For purposes of this cost estimate, it is assumed that the cost to review each document will average \$2,500.

Task 4: Interim Data Review -- Estimated Cost: \$12,500

This task entails reviewing interim data during and immediately following field programs to assess the need for additional investigation or expedited remedial action prior to completion of an investigation report. This review may include an assessment of data quality, creation of tables or maps summarizing the data, and/or comparison of the data to appropriate screening criteria. The results of this review may be presented to the Authority verbally or in writing depending on the nature of the investigation. For purposes of this cost estimate, it is assumed that the consultant will review data from five field programs (i.e., Former Storage Yard; Mariner Drive; Elementary School; Buildings 1205/1207, 1244, and 1251/1253 and Debris Disposal Areas C and D; Disposal Areas A and B) at an average cost of \$2,500 per area.

Task 5: Field Oversight and Sample -- Estimated Cost: \$10,000

This task entails field oversight or sample collection to assure the quality of the Navy's work or to fill data gaps critical to the Authority's needs that are not addressed by the Navy or required by the regulators. Field oversight may be associated with site investigation or removal actions. In either case, the consultant will observe field activities to ensure compliance with approved work plans (e.g., general quality assurance/quality control, sample number, location, and analysis, including confirmation samples if applicable). Sample collection may be conducted in conjunction with a Navy field effort (split samples) or independently from the Navy's environmental program. For purposes of this cost estimate, it is assumed that the consultant will oversee one of the Navy's field efforts and conduct one sampling program.

Task 6: Project Tracking -- Estimated Cost: \$12,000

This task entails tracking the Navy's progress on a base-wide basis to ensure that the City's needs are met. The consultant will prepare a Project Status Summary on a monthly basis that identifies key issues, action items associated with those issues, the party responsible for completing the action item, and the date by which the action item will be addressed. The Project Status Summary will also include a subset of upcoming reports. Other activities under this task may include creation and maintenance of a schedule to facilitate closely tracking the Navy's activities (e.g., investigation/removal activities in Site 12). Finally, this task will entail weekly progress reports to the City documenting the activities completed and estimated costs for the reporting period and costs incurred to date. Project tracking costs are estimated to be \$1,500 per month.

Task 7: Contingency -- Estimated Cost: \$40,500

Although the process for completing environmental investigations at NSTI is fairly well defined, unforeseen activities inevitably arise as new field data are collected. These activities may include additional investigations, which result in additional work plans and reports that require review, and additional meetings to address technical issues. The level of effort required to address these types of unforeseen activities is difficult to estimate, but represented approximately 30 percent of the total level of effort expended during the previous 6-month period. Therefore, a contingency budget of 30 percent of the total estimated cost for Tasks 1 through 6 is assumed for purposes of this cost estimate.

The total estimated cost to complete the above-described Scope of Work is \$175,000.

TABLE 1
BUDGET ESTIMATE SUMMARY FOR
ENVIRONMENTAL AND CIVIL ENGINEERING CONSULTATION SERVICES
NAVAL STATION TREASURE ISLAND
SAN FRANCISCO, CALIFORNIA

Task	Estimated Cost
Task 1: Regulatory Scheduled Technical Meetings	\$ 15,000
Task 2: Supplemental Technical Meetings	\$ 40,000
Task 3: Document Review	\$ 45,000
Task 4: Interim Data Review	\$ 12,500
Task 5: Field Oversight and Sample Collection	\$ 10,000
Task 6: Project Tracking	\$ 12,000
Task 7: Contingency	\$ 40,500
TOTAL:	\$175,000

INVOICING

Geomatrix will submit monthly bills to the attention of Steve Mullinix at the Department of Public Works, Bureau of Construction Management, SAR, 1680 Mission Street, San Francisco CA. These invoices will be itemized by task, and within each task total costs per staff level will be identified. Expenses also will be identified and supported by copies of original invoices. Meetings will be identified by subject, date and attendees.

REQUEST FOR CONTRACT ACTION

DATE: September 10, 1999☐ Accounting, 875 Stevenson Street, 4th Floor:For: ☐ GEN ☐ BOA
☐ BOE ☐ BCM
☐ BBI ☐ SSM☐ Accounting, 2323 Army Street:For: ☐ BBR ☐ BSM
☐ WPC ☐ ERM
☐ SSR

REQUESTED ACTION:

- ☐ ADVERTISE A RFP/RFQ
☐ AWARD A PROFESSIONAL SERVICE CONTRACT
☐ CALL FOR FORMAL BID FOR CONSTRUCTION CONTRACT
☐ AWARD A FORMAL CONSTRUCTION CONTRACT
☐ AWARD AN INFORMAL CONSTRUCTION CONTRACT BASED ON QUOTE ACCEPTED BY CONTRACT MANAGER
☐ DECLARE AN EMERGENCY (IF NOT PREVIOUSLY DECLARED)
☐ AWARD AN EMERGENCY CONTRACT PER ATTACHED EMERGENCY DECLARED BY ANOTHER DEPARTMENT
☒ MODIFY A PROFESSIONAL SERVICE CONTRACT

Contract Manager: Steve MullinnixBUR/DIV: Construction Management/SAR Phone: 554-8374

ACTOR:	Address: 2101 Webster Street, 12 th Floor Oakland, CA 94612	PHONE: (510) 663-4100
matrix Consultants, Inc.		
lo.: TIC	TITLE: Environmental and Civil Engineering Consultation Services for Treasure Island	
AMOUNT/ESTIMATE: 000.00	MODIFICATION AMOUNT REQUESTED: \$375,000.00 TOTAL CONTRACT AMOUNT AS MODIFIED: 475,000.00	ESTIMATED COMPLETION DATE: 09/30/00
NG SOURCE AND GRANT IF APPLICABLE: re Island Development Authority Work Order		TIME EXTENSION:
E OF WORK: (INCLUDING JUSTIFICATION FOR EMERGENCY) Provide consultation services to perform civil and environmental engineering to include risk assessments, al studies and support for TIDA staff - Modification requested by Mayor's staff due to accelerated opment plans and need for rapid assessment and reporting		
IAL CONDITIONS/INSURANCE/EXCEPTIONS/REMARKS:		DPW ORDER No. 171,350
urpose of this OFFMA 81 is to obtain a Modification to an existing single fund source Agreement		

OFFMA USE ONLY

CODE: _____
GROUP/FUND _____
CT/WORK PHASE: _____
BJECT: _____

REMARKS/ACCOUNTANT SIGNATURE AND DATE:

COMMENDED: S. Mullinnix
DIVISION MANAGER

APPROVED

BUREAU HEAD

(N/R for SAR)

DEPUTY DIRECTOR

MODS > 50

MODIFICATION OF AGREEMENT

For Professional Services Contract

WHEREAS, the City & County of San Francisco and Geomatrix Consultants, Inc. have entered into an agreement (Appointment # 171,350) to provide professional environmental and civil engineering consultation services for Treasure Island, and whereas, the parties now desire to modify the Agreement as described in Appendix A, now, therefore the parties agree as follows:

(please check boxes)

1. The Agreement will be modified in accordance with Attachment A.
2. The City will ADD ☒ DEDUCT ☐ the sum of \$ ~~375,000.00~~ for changes described in Attachment A.
3. The City will ADD ☐ SUBTRACT ☐ _____ NA _____ calendar days TO ☐ FROM ☐ the original Agreement or the latest modification as described in Attachment A.
4. In all other respects, the original Agreement and all modifications thereto shall remain in full force and effect.

CITY	CONTRACTOR
<p>00 Approved: <u><i>[Signature]</i></u></p> <p><u><i>[Signature]</i></u> Bureau Head</p> <p><u><i>[Signature]</i></u> Harlan L. Kelly, Jr. City Engineer</p> <p>Approved</p> <p><u>Mark A. Primeau, Architect, AIA, Director of Public Works</u></p> <p>Approved</p> <p><u>NA</u></p> <p>Edwin M. Lee, Director of Purchasing</p> <p>Approved</p> <p>Approved as to form Louise H. Renne City Attorney</p> <p><u>Deputy City Attorney</u></p>	<p>Geomatrix Consultants, Inc. 2101 Webster Street, 12th Floor Oakland, CA 94612</p> <p>By <u><i>[Signature]</i></u> Signature</p> <p><u>James C. Price</u></p> <p>Name</p> <p><u>Vice President</u></p> <p>Title</p>

City and County of San Francisco



Willie Lewis Brown, Jr.
Mayor

Human Rights Commission

Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Marivic S. Bamba
Executive Director

CONTRACT AMENDMENT, MODIFICATION OR SUPPLEMENTAL CHANGE ORDERS APPROVAL FORM

Submit this form when requesting contract amendment, modification, supplement or change order that cumulatively increase by more than 20% of the total dollar value of all contracts originally valued at \$50,000 or more for approval.

REQUIRED ATTACHMENTS:

-) copies of contract amendments, modifications, supplements, and/or change orders leading up to the 20%; and
-) a spreadsheet with a breakdown of the list of contractors and subcontractors working on each change order with the contract dollars for each individual firm(s).
-) Upon receipt of all the required documents, the HRC shall provide the requesting officer his or her determination regarding the proposed amendments, modification; supplement or change orders within 2 business days of HRC's receipt of the request. If a response is not received then the request shall be deemed approved.

Name of Project:

Treasure Island - Environmental Consultation

Original Contract Amount:

\$100,000.00

Contract Amount as Modified to Date:

\$100,000.00

Amount of Current Modification Requested:

\$450,000.00 ^{*375,000.00*} ~~*\$383,385.00*~~

Brief Description of Services Required:

Additional Environmental Consultation services required by Mayor's Treasure Island Project.

Subconsultants, if any, to perform this work: (MBE/WBE utilization (% of Discipline(s) for this request). If not, please explain:

Olivia Chen - 25%

APPROVED:

** Be subject to 9/9 Geomatrix meeting memo*
May

Requesting Officer

Date

Human Rights Commission Rep. Date

S. Mullinix *9/8/99*

Frank Anderson *9/9/99*



NOTICE TO PROCEED

Contractor: Geomatrix Consultants, Inc.
100 Pine Street, 10th Floor
San Francisco, CA 94111

Project: Environmental and civil engineering consultation services for Treasure Island

Term: to September 30, 2000

Job No.: 1367K

DPW Order No.: 171,350


Contract Amount: \$100,000

Controller's Posting Number

Reference this # on your invoices No. ENC9900005-01

Date Posted: 11/4/98

Mark A. Primeau, AIA
Director of Public Works
and City Architect

by 
Division of Contract Administration
November 5, 1998

cc. Steve Mullinnix, Bureau of Construction Management

attachments. Contract Purchase Order
Appointment
Agreement

KMC:kmc

ADPICS/FAMIS - FY 98-99 CITY/COUNTY OF SAN FRANCISCO CONTRACT PURCHASE ORDER INPUT FORM

Original Increase
Decrease
Date Change Only

Complete for Contract Order type Agreements and Contracts
AMOUNT OF THIS ENCUMBRANCE \$ 100,000
OTHER DEPARTMENT INFORMATION OR NUMBERS

DPW No. 171,350

TOTAL APPROVED CONTRACT \$ 100,000

CIVIL SERVICE RESOLUTION NO

PSC #4006-98/99

DOCUMENT NUMBER
171,350
POSTED

10/12/1998 1 OF 1
FROM Controller certified
TO September 30, 2000

CONTRACTOR

Geomatrix Consultants, inc.

VENDOR NO 08211

Six 01

DELIVER TO

Bureau of Construction Management

SEND INVOICES IN DUPLICATE TO
Bureau of Construction Management

ADDRESS

100 Pine Street, 10th Floor

FEMISSN No

94-2934407

1680 Mission Street

1680 Mission Street

San Francisco, CA 94111

Phone

(415) 743-7097

San Francisco, CA 94102

Attention: Steve Mullinex

TERMS OF PAYMENT

Monthly

RETAINAGE REQUIRED, YES/NO No
IF YES, AMOUNT OR %

COMMODITY OR SERVICE CODE

7210-15

DETAILED DESCRIPTION OF SERVICES AND PRODUCTS

Environmental and civil engineering consultation services for Treasure Island to include providing specialized review and comment on the Navy's proposed and ongoing remedial actions for Treasure Island.

INSURANCE REQUIRED AMOUNT DATE ATTACH

WORKER'S COMP	\$100,000		
COMP GEN LIABILITY	\$1,000,000		
AUTOMOBILE	\$1,000,000		
UMBRELLA			
OTHER INSURANCE	3,000,000		
OTHER INSURANCE			

ATTACHMENTS - Please identify by title or description

Business Tax #: 146221

Cnpt. 12 B: Compliant

SYSTEM USE

Total as-modified: \$

\$ MOD: \$

PREPARED BY (Print)

Kevin Cox

Phone # (415) 554-6225 Fax # (415) 554-6232

APPROVED BY

Julie Lee

(Print Name)

DIRECTOR OF PUBLIC WORKS

DPW Contract - Purchaser's Approval Not Required

MATERIALS, SUPPLIES, & SERVICES - PURCHASER

APPROVALS

BOARD OR COMMISSION

REAL PROPERTY LEASES & RENT - DIRECTOR OF PROPERTY

CONTROLLER

Line No.	Document Number	Amount	Index Code	Sub-Object	User Code	Project	Project Detail	Grant	Grant Detail	APPENDIX ATTACHED	Nos. of Pages
		\$100,000 00				DPWMBFWF0296	02799				
						ICM430	NL				

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
ORDER NO. 171,350

APPOINTMENT

Contractor: Geomatrix Consultants, Inc.
100 Pine Street, 10th Floor
San Francisco, CA 94111

is appointed to provide environmental and civil engineering consultation services to support planning and decision making for future development of Treasure Island

Payment will be made upon submission of approved invoice based upon work performed satisfactorily. Total cost not to exceed \$100,000.00. Estimated completion date is September 30, 2000.


Contractor shall indemnify and hold harmless the City & County of San Francisco, its officers and employees and furnish certificates of insurance directly protecting himself, any subcontractors and the City & County of San Francisco. The City & County of San Francisco, its officers, agents and employees shall be named as additional insureds and insurance shall be for:

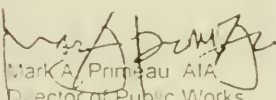
Comprehensive General Liability (bodily injury and property damage)	\$1,000,000 Single Limit
Business Automobile Liability (bodily injury and property damage)	\$1,000,000 Single Limit
Workers' Compensation, Employers' Liability	\$100,000
Professional Liability	\$3,000,000 Per Claim

A Notice To Proceed and a \$100,000.00 Contract Purchase Order will be issued to the Contractor. Funds are available:

Index Code DPWMBPWF0296, FT/F/SF LG/AGF/PWF, P/PD ICM430/NL, SUBOBJ 02799
Job No. 1367K.

RECOMMENDED:


Robert Carlson
Deputy Director for Financial
Management and Administration


Mark A. Primas AIA
Director of Public Works
and City Architect

DISTRIBUTION
DPW Order Clerk
Accounting Division Manager
Contract Clerk (2 signed)
Geomatrix Consultants, Inc
Steve Mullinnix, Bureau of Contract Management

KMC:kmc

Approved November 4, 1993

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS

AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND GEOMATRIX Consultants, Inc.

This Agreement is made this _____ day of _____, 19, in the City and County of San Francisco, State of California, by and between:

GEOMATRIX Consultants, Inc.
100 Pine Street, 10th Floor
San Francisco, CA 94111

hereinafter referred to as "Contractor," and City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Director of Public Works, hereinafter referred to as "Director."

Recitals

WHEREAS, the Department of Public Works wishes to obtain **Environmental and Civil Engineering Consultation Services for Treasure Island**; and,

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required for City as set forth under this contract; and,

WHEREAS, approval for said Agreement was obtained from the Civil Service Commission by Resolution No. PSC# 4005-98/99 dated JULY 20 1998

Now, THEREFORE, the parties agree as follows:

Definitions

Where any word or phrase defined below, or a pronoun used in place thereof, is used in any part of this Agreement and Specifications, it shall have the meaning herein set forth.

AUTHORIZATION

Contract Order of the City and County of San Francisco properly executed by the Director, Director of Purchasing, and Director of Administrative Services, and certified by the Controller for the specific funding of this Agreement or any modification thereof.

DIRECTOR OF ADMINISTRATIVE SERVICES

Director of Administrative Services of the City and County of San Francisco.

CITY

City and County of San Francisco, a municipal corporation.

CONTRACTOR

GEOMATRIX Consultants, Inc.

CONTROLLER

Controller of the City and County of San Francisco.

DIRECTOR

Director of Public Works of the City and County of San Francisco.

WORK

The work to be done in providing the services as described and specified in Appendix A.

Whenever the words "as directed", "as required", "as permitted", or words of like effect are used, it shall be understood as the direction, requirement, or permission of the Department of Public Works. The words "sufficient", "necessary", or "proper", and the like, mean sufficient, necessary or proper in the judgment of the Department of Public Works. The words "approval", "acceptable", "satisfactory", or words of like import, shall mean approved by, or acceptable to, or satisfactory to the Department of Public Works, unless otherwise indicated by the context.

2. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the Charter of City. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year in the event funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

3. Term of the Agreement

Subject to Section 2, the term of this Agreement shall be from the date of posting of the Agreement to September 30, 2000.

4. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing

5. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Services to be Provided by Contractor" attached hereto and incorporated by reference as though fully set forth herein.

6. Compensation

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 5 of this Agreement, that the Director of Public Works, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this contract exceed \$100,000.00 (ONE HUNDRED THOUSAND DOLLARS). The breakdown of costs associated with this contract is provided for in Appendix B, "Schedule of Values," attached hereto and incorporated by reference as though fully set forth herein

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Department of Public Works as being in accordance with this Agreement.

In no event shall City be liable for interest or late charges for any late payments

7. Method of Payment

Invoices furnished by Contractor under this Agreement must be in a form acceptable to Director of Purchasing and Controller. All amounts paid by City to Contractor shall be subject to audit by City.

Payment shall be made by City to Contractor at the address stated hereinabove.

8. Disallowance

In the event Contractor claims or receives payment from City for a service, reimbursement for which is later disallowed by City or State of California or United States Government, Contractor shall promptly refund the disallowed amount to City upon City's request. At its option, City may offset the amount disallowed from any payment due or to become due to Contractor under this Agreement or any other Agreement

Taxes

Payment of any taxes, including California Sales and Use Taxes, levied upon this Agreement, the transaction, or the services delivered pursuant hereto, shall be the obligation of Contractor.

0. Payment Does Not Imply Acceptance of Work

The granting of any progress payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work or material although the unsatisfactory character of such work or material may not have been apparent or detected at the time such payment was made. Materials, components, or workmanship which do not conform to the Specifications will be rejected and shall be replaced by Contractor without delay.

1. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will conform with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, shall be supervised by Contractor.

2. Responsibility for Equipment

City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City. The acceptance or use of such equipment by Contractor or any of its employees shall be construed to mean that Contractor accepts full responsibility for and agrees to exonerate, indemnify, defend and save harmless City from and against any and all claims for any damage or injury of any type arising from the use, misuse or failure of such equipment, whether such damage be to the contractor, its employees, City employees or third parties, or to property belonging to any of the above.

3. Independent Contractor

Contractor shall be deemed at all times to be an independent Contractor and shall be wholly responsible for the manner in which Contractor performs the service required of Contractor by the terms of this Agreement. Contractor shall be liable for the acts and omissions of it, its employees and its agents. Nothing contained herein shall be construed as creating an employment or agency relationship between City and Contractor.

Terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only and not as to the means by which such a result is obtained.

4. Insurance

a Without in any way limiting Contractor's liability pursuant to Section 15, "Indemnification and General Liability," of this Agreement, Contractor will maintain in force, during the full term of the Agreement, insurance in the following amounts and coverage:

- (1) Workers' Compensation, with Employers' Liability limits not less than \$100,000 each accident
 - (2) Commercial General Liability Insurance with limits not less than \$1,000,000.00 each occurrence Combined Single Limit for Bodily Injury and Property Damage.
 - (3) Business Automobile Liability Insurance with not less than \$1,000,000.00 each occurrence Combined Single Limit for Bodily Injury and Property Damage.
 - (4) Professional Liability insurance with limits not less than \$3,000,000 each claim with respect to negligent acts, errors or omissions, and any deductible not to exceed \$200,000 each claim.
 - (5) Contractors Pollution Liability insurance with limits not less than \$3,000,000 each occurrence, combined single limit for bodily injury and property damage with any deductible not to exceed \$200,000 each occurrence
- b Commercial General Liability and Business Automobile Liability Insurance policies shall be endorsed to provide the following

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this contract, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall be endorsed to provide:

Thirty (30) days' advance written notice to City of cancellation, non-renewal or reduction in coverage, mailed to the following address:

Contract Clerk
Department of Public Works
Division Of Contract Administration
875 Stevenson Street, Room 420
San Francisco, CA 94103

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this contract and, without lapse, for a period of three years beyond the contract expiration, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the contract, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Certificates of insurance, in form and with insurers satisfactory to City, evidencing all coverages above shall be furnished to City before commencing any operations under this contract, with complete copies of policies promptly upon City request.

g. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder

h. This Agreement shall terminate immediately, without notice to Contractor, upon any lapse of required insurance coverage.

15. Indemnification

a. To the fullest extent permitted by law, the Contractor shall assume the defense of, indemnify and save harmless the City and its officers and employees (collectively "Indemnitees") from any claim, loss, damage, injury (including, without limitation, injury to or death of an employee of the Contractor or its subcontractors) and liability of every kind, nature and description (including, without limitation, incidental and consequential damages court costs, attorneys' fees and costs of investigation) that arise directly or indirectly, in whole or in part, from: (1) the services under this Agreement, or any part thereof, (2) any act or omission of Contractor, and subcontractor to the Contractor, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities"), even if such Liabilities are caused in part by the negligence of any Indemnitee, subject to the provisions set forth below in this Section

b. The Contractor assumes no liability whatsoever for the sole negligence or willful misconduct of any Indemnitee or the contractors of any Indemnitee.

c. The Contractor's indemnification obligations for claims involving "Professional Liability" (claims involving acts, errors, or omissions in the rendering of professional services) and "Economic Loss Only" (claims involving economic loss which are not connected with bodily injury or physical damage to property, shall be limited to the proportionate extent of Contractor's negligence or other breach of duty

16. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's negligent acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation on any rights which City may have under applicable law

17. Liability of City

City's obligations under this contract shall be limited to the payment of the compensation provided for in Section 6 of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall City be liable, regardless of whether any claim is based on contract or tort, for Contractor's own special, consequential, indirect or incidental damages, including, but not limited to, lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.

8. Liquidated Damages

Not Applicable

9. Bankruptcy

In the event that either party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any State relating to insolvency or the protection of rights of creditors, then at the option of the other party this Agreement shall terminate and be of no further force and effect, and any property or rights of such other party, tangible or intangible, shall forthwith be returned to it.

10. Termination

In the event Contractor fails to perform any of its obligations under this Agreement, this Agreement shall be terminated and all of the Contractor's rights hereunder ended. Termination shall be effective after ten (10) days' written notice to Contractor. No new work will be undertaken after the date of receipt of any notice of termination, or five days after the date of the notice, whichever is earlier. In the event of such termination, Contractor shall be paid for its services under this Agreement, up to the date of termination, that have been performed to the satisfaction of City. City may terminate this Agreement for City's convenience and without cause at any time by giving Contractor thirty (30) days' written notice of such termination. In the event of such termination, Contractor shall be paid for its services that have been performed to the satisfaction of City under this Agreement, up to the date of termination.

Upon termination of this Agreement, Contractor will submit an invoice to City for an amount which represents the value of services actually performed prior to the effective date of termination for which Contractor has not previously been compensated, except that in no event will the compensation paid for the month in which termination occurs be greater than the scheduled monthly fee multiplied by a fraction, the numerator of which will be the days in the month elapsed prior to the termination and the denominator of which shall be 31. Upon approval and payment of this invoice by City, City shall be under no further obligation to Contractor monetarily or otherwise.

11. Contractor's Default

Failure or refusal of the Contractor to perform or do any act herein required shall constitute a default. In the event of any default, in addition to any other remedy available to the Director of Public Works, this contract may be terminated by the Director of Public Works pursuant to the terms of Section 20 herein. Such termination shall not waive any other legal remedies available to the Director of Public Works.

12. Conflict of Interest

Contractor states that it is familiar with provisions of Section 8.105 of the Charter of City, and Section 87100 et seq of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

23. Other Agreements between City and Contractor

Contractor agrees that neither it nor any of Contractor's employees has any interest, however remote, in any other Agreement with City, whether or not such Agreement is with Contractor's firm, affiliate firms, or through separate employment, except as expressly itemized in Appendix C, "Contractor's and Contractor's Employees' Interests in Other City Contracts," hereto attached. Failure to disclose such information will result in termination of this Agreement pursuant to Section 20 herein.

24. Proprietary or Confidential Information of City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and registered as follows:

To City: Department of Public Works
Division of Contract Administration
875 Stevenson Street, Room 420
San Francisco, CA 94103

To Contractor: GEOMATRIX Consultants, Inc.
100 Pine Street, 10th Floor
San Francisco, CA 94111

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, studies, reports, memoranda, computation sheets or other documents prepared by Contractor or its Subcontractors in connection with services to be performed under this Agreement shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Audit and Inspection of Records

Contractor agrees to maintain and make available to City during business hours accurate books and accounting records relative to its activities under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any Federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon City by this Section.

28. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is approved by written instrument executed and approved in the same manner as this Agreement. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An Agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

9. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder shall be assigned or delegated by Contractor unless approved by written instrument executed and approved in the same manner as this Agreement.

10. Equal Opportunity Employment and Business Practices; Liquidated Damages

Contractor agrees to comply fully with all provisions of Chapters 12B and 12D of the San Francisco Administrative Code, as amended from time to time. Said provisions are incorporated herein by reference and made a part of this contract as though fully set forth.

In the event Contractor willfully fails to comply with any of the provisions of Chapter 12D, Contractor shall be liable for liquidated damages for each contract in an amount equal to Contractor's net profit on the contract, or ten percent (10%) of the total amount of the contract, or one thousand dollars (\$1,000), whichever is greatest. The amount of liquidated damages imposed will be determined by the Director of the HRC after investigation pursuant to Section 12D.14(C).

By entering into this contract, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of fifty dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this contract may be deducted from payments due to Contractor.

11. Compliance with South Africa Divestment Ordinance; Liquidated Damages

Not Applicable.

12. MacBride Principles--Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

13. Drug-Free Workplace Policy

This section does not apply as Federal funds are not involved under this contract.

14. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

15. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms waived, except by written instrument executed and approved in the same manner as this Agreement.

36. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the Director of Public Works who shall decide the true meaning and intent of the Agreement.

37. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, excluding its conflict of laws rules. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

38. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

39. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 35.

40. Tropical Hardwood and Virgin Redwood Ban

The City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood wood product, virgin redwood or virgin redwood wood product.

41. Ownership of Equipment

Any equipment vehicles, computer programs (software licenses and media), etc. purchased by the Contractor or its subcontractors in connection with services to be performed under this Agreement shall become property of and will be transmitted to the City.

42. Guaranteed Maximum Costs

- a. The City's obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.
- b. Except as may be provided by City ordinances governing emergency conditions, the City and its employees and officers are not authorized to request Contractor to perform services that would result in Contractor performing services that are beyond the scope of the services agreed upon in the contract unless the agreement is amended in writing and approved as required by law to authorize the additional services.
- c. The City and its employees and officers are not authorized to offer or promise to Contractor additional funding for the contract which would exceed the maximum amount of funding provided for in the contract for Contractor's performance under the contract. Additional funding for the contract in excess of the maximum provided in the contract shall require lawful approval and certification by the Controller of the City and County of San Francisco. The City is not required to honor any offered or promised additional funding for a contract which exceeds the maximum provided in the contract which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.
- d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget of by supplemental appropriation.

43. Burma (Myanmar) Business Prohibition

Contractor is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J 2(G) of the San Francisco Administrative Code. The City reserves the right to terminate this contract for default if the Contractor violates the terms of this section.

Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Contractor to comply with any of its requirements shall be deemed a material breach of contract. In the event that Contractor fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Contractor shall be liable for liquidated damages for each violation in an amount equal to Contractor's net profit under the contract, or 10% of the amount of the contract, or \$1,000, whichever is greatest. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any moneys due to the Contractor from any City contract.

4. Sunshine Ordinance

Contracts, contractor's bids, responses to requests for proposals and all other records of communications between the department and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this subdivision will be made available to the public upon request.

5. Non-Discrimination in City Contracts and Benefits Ordinance

- a. Contractor Shall Not Discriminate. In the performance of this Agreement, Contractor agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Contractor, in any of Contractor's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Contractor.
- b. Subcontracts. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.
- c. Non-Discrimination in Benefits. Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.
- d. Condition to Contract. As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration. Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.
- e. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to Section 12B 2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

46. Submitting False Claims; Monetary Penalties

Any contractor, subcontractor or consultant who commits any of the following acts shall be liable to the City for three times the amount of damages which the City sustains because of the act of that contractor, subcontractor or consultant. A contractor, subcontractor or consultant who commits any of the following acts shall be liable to the City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim: (a) Knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval. (b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City. (c) Conspires to defraud the City by getting a false claim allowed or paid by the City. (d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City. (e) Is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

Recommended by: S. Muller

[Signature]
Signature

Don Eng, Chief, Bureau of Construction Management

Approved as to Form:

Louise H. Renne

City Attorney

By [Signature]
Deputy City Attorney

Approved:

[Signature]

Mark A. Primeau, AIA
Director of Public Works
and City Architect

Approved:

N/A
Edwin Lee
Director of Purchasing

Approved:

Only Required if >\$50 & Non-Project Related Services
Director of Administrative Services

CONTRACTOR

GEOMATRIX Consultants, Inc.

Name

100 Pine Street, 10th Floor

Address

San Francisco

CA

94111

City

State

Zip

I have read and understood Sec. 32, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

By [Signature]
Signature

JAMES C. PRICE VICE PRESIDENT
Name Title

(415) 743-7097
Area Code

Phone Number

94-2934407
Federal Employer Number

APPENDIX A

SCOPE OF WORK

The Consultant shall provide Environmental and Civil Engineering Consultation Services pertaining to Treasure Island and Yerba Buena Island (and related areas involving former Federal authority now part of Base Conversion evaluation and reuse).

Services shall include, but not be limited to review and comment on the Navy's remedial investigations, feasibility reports and other relevant documents pertaining to their investigations and site cleanup activities.

GEOMATRIX shall act as prime consultant directing the activities of subconsultants Olivia Chen Consultants, Inc., Micro Analytical Labs, Inc., AFA Construction, Inc., and Chromalab, Inc. Additional subconsultants may be added as long as overall HRC participation goals are maintained.

APPENDIX B
SCHECULE OF VALUES

GEOMATRIX CONSULTANTS, INC.

SCHEDULE OF VALUES

Schedule of Values
Geomatrix Consultants, Inc.

<i>Personnel Category</i>	<i>Hourly Rate (\$ per Classification)</i>	<i>Fringe Benefits (32.5% of Labor)</i>	<i>Overhead (161.13% of Labor)</i>	<i>Fee (10% of Total Cost)</i>	<i>Total Hours Rate (\$)</i>
Principal	41.35 - 75.00	13.44 - 24.38	66.63 - 120.85	12.14 - 22.02	133.56 - 242.24
Senior II	31.25 - 43.23	10.16 - 14.05	50.35 - 69.66	9.18 - 12.69	100.94 - 139.63
Senior I	30.00 - 41.20	9.75 - 13.39	48.34 - 66.39	8.81 - 12.10	96.90 - 133.07
Project II	25.73 - 37.00	8.36 - 12.03	41.46 - 59.62	7.56 - 10.86	83.11 - 119.51
Project I	20.20 - 33.00	6.57 - 10.73	32.55 - 53.17	5.93 - 9.69	65.24 - 106.59
Staff II	19.24 - 30.00	6.25 - 9.75	31.00 - 48.34	5.65 - 8.81	62.14 - 96.90
Staff I	14.91 - 30.00	4.85 - 9.75	24.02 - 48.34	4.38 - 8.81	48.16 - 96.90
Senior Technician	14.91 - 21.74	4.85 - 7.07	24.02 - 35.03	4.38 - 6.38	48.16 - 70.22
Field Technician	12.00 - 14.91	3.90 - 4.85	19.34 - 24.02	3.52 - 4.38	38.76 - 48.16
CAD/Graphics	16.50 - 28.61	5.36 - 9.30	26.59 - 46.10	4.84 - 8.40	53.29 - 92.41
Project Assistant	12.00 - 23.27	3.90 - 7.56	19.34 - 37.49	3.52 - 6.83	38.76 - 75.16
Technical Editor	22.46 - 22.46	7.30 - 7.30	36.19 - 36.19	6.59 - 6.59	72.54 - 72.54
Technical Typist	15.87 - 21.50	5.16 - 6.99	25.57 - 34.64	4.66 - 6.31	51.26 - 69.44
Production Assistant	6.00 - 15.00	1.95 - 4.88	9.67 - 24.17	1.76 - 4.40	19.38 - 48.45

CHROMALAB, INC.
(SECONDARY LABORATORY)

-2-

SCHEDULE OF VALUES AND CERTIFICATION

CHROMALAB, INC.

Environmental Services (SDB)

July, 98

PRICE LIST EXCLUSIVELY FOR GEOMATRIX

Soil and Water same price 5 Day Turnaround Time

TPH--Total Petroleum Hydrocarbons

TPH gasoline/BTEX, gasoline, or BTEX	EPA 5030/8015 /8020	\$60.00
TPH gasoline/BTEX with MT8E	EPA 5030/8015 /8020 (MTBE confirmed by MS)	75.00
TPH diesel	EPA 3550 or 3510/8015M	60.00
TPH diesel and motor oil (TEPH)	EPA 3550 or 3510/8015M	75.00
TPH extractable scan, other hydrocarbons	EPA 3550 or 3510/8015M	75.00
Fuel Oxygenates (MTBE, TAME, ETBE, DIPE, TBAI)	EPA 8260M	150.00
Oil and grease	Std Meth 5520 E&F or B&F, EPA 413.1	50.00

Organic Analysis

Volatile halocarbons (CIHC)	EPA 8010	80.00
Volatile aromatics	EPA 8020	80.00
Volatile organics	EPA 8240 or 8260	150.00
Semivolatile organics	EPA 8270	275.00
Polynuclear Aromatic Hydrocarbons (PAH, PNA)	EPA 8270 (GC/MS)	150.00
Polynuclear Aromatic Hydrocarbons (PAH, PNA)	EPA 8310 (HPLC)	175.00
Phenols	EPA 8270	150.00
Organochlorine pesticides and PC8s	EPA 8080	125.00
PC8s	EPA 8080	100.00
Nitroaromatics and Nitramines (Explosives)	EPA 8330	175.00
Glycols	EPA 8015M	125.00
Alcohols	EPA 8015M	125.00

Metals Analysis--TTLC

LUFT heavy metals (5 metals)	EPA 6010 (ICP)	80.00
RCRA metals (8 metals)	EPA 6010 and 7470/7471	115.00
Priority pollutants (13 metals)	EPA 6010 and 7470/7471	125.00
Title 22 (CAM 17 metals)	EPA 6010 and 7470/7471	150.00
Individual metals (price per metal)	EPA 6010, 7420	22.50
Mercury (cold vapor)	EPA 7470/7471	45.00
Hexavalent chromium	EPA 7196	55.00

Extraction Methods and General Chemistry Tests

TCLP, STLC (CAM WET) extraction	EPA 1311/W.E.T.	75.00
TCLP for volatile organics (ZHE)	EPA 1311	100.00
RCL (reactivity, corrosivity, and ignitability in soil)	CA Title 22	67.50
pH or Specific Conductance	EPA 9040/9045/9050	20.00
TDS, TSS, or Settleable Solids (SS)	EPA 160.1, 160.2, 160.5	20.00
% Moisture/ dry weight result	EPA SW 846	20.00
Flashpoint	EPA 1010	35.00
Compositing and disposal fee (per container)		3.75

Air Analysis--Samples in Tedlar bags, includes RUSH charges

TPH gasoline/BTEX	EPA 5030/8015/8020	100.00
Halogenated organics	EPA 8010	120.00
Volatile organics by GC/MS	EPA 8240	250.00

Other Services:

Sample pickup in the Bay Area	No charge
Filtration	10.00
Silica gel cleanup	15.00
Crushing & homogenizing sample	quote

Materials:

Glass VOA, 1 L amber glass, plastic sample jars	No charge
Brass/stainless sleeve	3.00
2 1/2 gallon cubitainer	10.00

Rush Charges:

EPA Level 2 Report	No charge on request	
Chromatograms, each	5.00	add 25%
Reprinted report (\$10 minimum)	1.00/page	add 50%
Electronic report (EDD)	add 5%	add 100%
Minimum invoice \$50	Minimum Visa/MC \$20	add 200%

Three days turnaround

48 hours

24 hours

Same day, Overnight, or Weekend

DEPARTMENT OF HEALTH SERVICES

2000 BERKELEY WAY
BERKELEY, CA 94704-1011
(510)540-2800

June 3, 1996



Eric T. Tam
Chromalab, Inc.
1220 Quarry Lane
Pleasanton, CA 94566-4756

Certificate No.: 1094

REC'D JUN 12 1996

Dear Mr. Tam:

This is to advise you that the laboratory named above has been certified as an environmental testing laboratory pursuant to the provisions of the California Environmental Laboratory Improvement Act of 1988 (Health and Safety Code, Division 1, Part 2, Chapter 7.5, commencing with Section 1010).

The fields of testing for which this laboratory has been certified under this Act are indicated in the enclosed "List of Approved Fields of Testing and Analytes." Certification shall remain in effect until January 31, 1998 unless revoked. This certificate is subject to an annual fee as prescribed by Section 1017(a), Health and Safety Code, on the anniversary date of the certificate.

Please note that your laboratory is required to notify the Environmental Laboratory Accreditation Program of any major changes in the laboratory such as the transfer of ownership, change of laboratory director, change in location, or structural alterations which may affect adversely the quality of analyses (Section 1014(b), California Health & Safety Code).

Please note that the new regulations pertaining to environmental laboratories were adopted on December 5, 1994 and may be found in the California Code of Regulations, Title 22, Division 4, Chapter 19, Sections 64801 through 64827.

Your continued cooperation is essential in order to establish a reputation for the high quality of the data produced by environmental laboratories certified by the State of California.

If you have additional questions, please contact Aida S. Dente at (510) 540-2800

Sincerely,

George C. Kulasingam, Ph.D., Manager
Environmental Laboratory
Accreditation Program

Enclosure

ENVIRONMENTAL LABORATORY ACCREDITATION/REGISTRATION
List of Approved Fields of Testing and Analytes

Chromalab, Inc.
1220 Quarry Lane
Pleasanton, CA

TELEPHONE No: (510) 484-1919
CALIFORNIA COUNTY: Contra Costa

CERTIFICATE NUMBER: 1094
EXPIRATION DATE: 1/31/98

1 Microbiology of Drinking Water and Wastewater (-----)

1.1	Total Coliforms in Drinking Water by Multiple Tube Fermentation	N
1.2	Fecal Coliforms/E. Coli in Drinking Water by MTF	N
1.3	Total Coliforms in Drinking Water by Membrane Filter Technics	N
1.4	Fecal Coliforms/E. Coli in Drinking Water by Membrane Filter Technics	N
1.5	Total Coliforms and E. Coli in Drinking Water by MMO-MUG	N
1.6	Total Coliforms in Drinking Water by Clark's Presence/Absence	N
1.7	Fecal Coliforms/E. Coli in Drinking Water by Clark's Presence/Absence	N
1.8	Heterotrophic Plate Count	N
1.9	Total Coliforms in Wastewater by Multiple Tube Fermentation	N
1.10	Fecal Coliforms in Wastewater by MTF	N
1.11	Total Coliforms in Wastewater by Membrane Filter Technics	N
1.12	Fecal Coliforms in Wastewater by Membrane Filter Technics	N
1.13	Fecal Streptococci or Enterococci by Multiple Tube Technics	N
1.14	Fecal Streptococci or Enterococci by Membrane Filter Technics	N

2 Inorganic Chemistry and Physical Properties of Drinking Water excluding Toxic Chemical Elements (-----)

2.1	Alkalinity	N	2.12	Sulfate	N
2.2	Calcium	N	2.13	Total Filterable Residue	N
2.3	Chloride	N		and Conductivity	N
2.4	Corrosivity	N	2.14	Iron (Colorimetric Methods Only)	N
2.5	Fluoride	N	2.15	Manganese (Colorimetric Methods Only)	N
2.6	Hardness	N	2.16	Phosphate, ortho	N
2.7	Magnesium	N	2.17	Silica (Colorimetric Methods Only)	N
2.8	MBAS	N	2.18	Cyanide	N
2.9	Nitrate	N			
2.10	Nitrite	N			
2.11	Sodium	N			

3 Analysis of Toxic Chemical Elements in Drinking Water (04-11-91)

3.1	Arsenic	Y	3.11	Silver	N
3.2	Barium	Y	3.12	Zinc	N
3.3	Cadmium	N	3.13	Aluminum	N
3.4	Chromium, total	N	3.14	Asbestos	N
3.5	Copper	Y	3.15	EPA Method 200.7	Y
3.6	Iron	N	3.16	EPA Method 200.8 (Unregulated Elements	N
3.7	Lead	Y		and Lead Only)	N
3.8	Manganese	N	3.17	Antimony	N
3.9	Mercury	Y	3.18	Beryllium	N
3.10	Selenium	N	3.19	Nickel	N
			3.20	Thallium	Y

4 Organic Chemistry of Drinking Water (measurements by GC/MS combination) (01-26-90)

4.1	EPA Method 501.3	N
4.2	EPA Method 524.2	Y
4.3	EPA Method 525	N
4.4	EPA Method 513	N

5 Organic Chemistry of Drinking Water (excluding measurements by GC/MS combination) (01-13-93)

5.1	EPA Method 501.1	Y	5.16	EPA Method 548	N
5.2	EPA Method 501.2	Y	5.17	EPA Method 549	N
5.3	EPA Method 502.1	Y	5.18	EPA Method 550	N
5.4	EPA Method 502.2	Y	5.19	EPA Method 550.1	N
5.5	EPA Method 503.1	Y	5.20	EPA Method 551	N
5.6	EPA Method 504	N	5.21	EPA Method 552	N
5.7	EPA Method 505	Y			
5.8	EPA Method 506	Y			
5.9	EPA Method 507	Y			
5.10	EPA Method 508	Y			
5.11	EPA Method 508A	N			
5.12	EPA Method 510.1	Y			
5.13	EPA Method 515.1	Y			
5.14	EPA Method 531.1	Y			
5.15	EPA Method 547	Y			

6 Radiochemistry (-----)

6.1	Gross Alpha and Beta Radiation -----	N	6.11	Gross Alpha by Co-precipitation -----	N
6.2	Total Radium -----	N	6.12	Radium 228 -----	N
6.3	Radium 226 -----	N	6.13	Radioactive Iodine -----	N
6.4	Uranium -----	N	6.14	Gross Alpha & Beta in Hazardous Wastes --	N
6.5	Radon 222 -----	N	6.15	Alpha Emitting Radium Isotopes in Haz. Wastes -----	N
6.6	Radioactive Cesium -----	N	6.16	Radium 228 in Hazardous Wastes -----	N
6.7	Iodine 131 -----	N			
6.8	Radioactive Strontium -----	N			
6.9	Tridium -----	N			
6.10	Gamma and Photon Emitters -----	N			

7 Shellfish Sanitation (-----)

7.1	Shellfish meat Microbiology -----	N
7.2	Paralytic Shellfish Poison -----	N
7.3	Domoic Acid -----	N

8 Aquatic Toxicity Bioassays (-----)

8.1	Hazardous Waste Aquatic Toxicity Bioassay (Title 22, CCR, 66261.24(a)(6)) -----	N
8.2	Wastewater Testing According to Kopperdahl (1976) using Freshwater Fish. -----	N
8.3	Wastewater Testing According to EPA/600/4-85/013 using Freshwater and/or Marine Organisms -----	N
8.4	Wastewater Testing by EPA Method 1000.0 -----	N
8.5	Wastewater Testing by EPA Method 1002.0 -----	N
8.6	Wastewater Testing by EPA Method 1003.0 -----	N
8.7	Wastewater Testing by EPA Method 1006 -----	N
8.8	Wastewater Testing by EPA Method 1007 -----	N
8.9	Wastewater Testing by EPA Method 1009 -----	N
8.10	Wastewater Testing According to Anderson, et. al. (1990) using Giant Kelp (<i>Macrocystis pyrifera</i>) --	N
8.11	Wastewater Testing According to Anderson, et. al. (1990) using Red Abalone (<i>Haliotis rufescens</i>) ---	N
8.12	Wastewater Testing According to Dinnel and Stober (1987) using Purple Sea Urchin (<i>Strongylocentrotus purpuratus</i>) -----	N
8.13	Wastewater Testing According to Dinnel and Stober (1987) using Red Sea Urchin (<i>Strongylocentrotus franciscanus</i>) -----	N
8.14	Wastewater Testing According to Dinnel and Stober (1987) using Sand Dollar (<i>Quadraster excentricus</i>) -----	N
8.15	Wastewater Testing According to procedure E 724-89 (ASTM, 1989) using Pacific Oyster (<i>Crassostrea gigas</i>) -----	N
8.16	Wastewater Testing According to procedure E 724-89 (ASTM, 1989) using California Bay Mussel (<i>Mytilus edulis</i>) -----	N
8.17	Wastewater Testing According to Standard Methods (APHA, 1989) using an alga (<i>Skattonema costatum</i>) -----	N
8.18	Wastewater Testing According to EPA/600/4-90/027 using Freshwater and/or Marine Organisms -----	N

9 Physical Properties Testing of Hazardous Waste (04-11-91)

9.1	Ignitability by Flashpoint determination (Title 22, CCR, 66261.21) -----	Y
9.2	Corrosivity - pH determination (Title 22, CCR, 66261.22) -----	Y
9.3	Corrosivity - Corrosivity towards steel (Title 22, CCR, 66261.22) -----	N
9.4	Reactivity (Title 22, CCR, 66261.23) -----	Y

10 Inorganic Chemistry and Toxic Chemical Elements of Hazardous Waste

10.1	Antimony 7040(-----) -----	N	10.7	Cobalt 7200(-----) -----	N
	7041(-----) -----	N		7201(-----) -----	N
10.2	Arsenic 7060(12-22-95) -----	Y	10.3	Copper 7210(01-09-90) -----	Y
	7061(-----) -----	N		7211(-----) -----	N
10.3	Barium 7080(-----) -----	N	10.9	Lead 7420(01-09-90) -----	Y
	7081(-----) -----	N		7421(12-22-95) -----	Y
10.4	Beryllium 7090(-----) -----	N	10.10	Mercury 7470(-----) -----	N
	7091(-----) -----	N		7471(05-13-64) -----	Y
10.5	Calcium 7130(-----) -----	N	10.11	Molybdenum 7430(-----) -----	N
	7131(-----) -----	N		7431(-----) -----	N
10.6	Chromium, total 7190(-----) -----	N	10.12	Nickel 7520(-----) -----	N
	7191(-----) -----	N			

10.13	Selenium	
	7740(-----)	N
	7741(12-22-95)	Y
10.14	Silver	
	7760(-----)	N
	7761(-----)	N
10.15	Thallium	
	7840(-----)	N
	7841(12-22-95)	Y
10.16	Vanadium	
	7910(-----)	N
	7911(-----)	N
10.17	Zinc	
	7950(-----)	N
	7951(-----)	N
10.18	Chromium (VI)	
	7195(-----)	N
	7196(04-11-91)	Y
	7197(-----)	N
	7198(-----)	N
10.19	Cyanide	
	9010(01-13-93)	Y
10.20	Fluoride	
	300.0(-----)	N
	340.1(-----)	N
	340.2(-----)	N
	340.3(-----)	N
10.21	Sulfide	
	9030(05-06-94)	Y
10.22	Total Organic Lead	
	(-----)	N
10.23	EPA Method 6010(01-13-93)	Y
10.24	EPA Method 6020(-----)	N

11 Extraction Tests of Hazardous Waste (04-11-91)

11.1	California Waste Extraction Test (WET) (Title 22, CCR, 66261.100, Appendix II)	Y
11.2	Extraction Procedure Toxicity	Y
11.3	Toxicity Characteristic Leaching Procedure (TCLP) All Classes	Y
11.4	Toxicity Characteristic Leaching Procedure (TCLP) Inorganics Only	N
11.5	Toxicity Characteristic Leaching Procedure (TCLP) Extractables Only	N
11.6	Toxicity Characteristic Leaching Procedure (TCLP) Volatiles Only	N

12 Organic Chemistry of Hazardous Waste (measurement by GC/MS combination)

12.1	EPA Method 8240(06-05-89)	Y
12.2	EPA Method 8250(-----)	N
12.3	EPA Method 8270(06-05-89)	Y
12.4	EPA Method 8280(-----)	N
12.5	EPA Method 8290(-----)	N
12.6	EPA Method 8260(01-13-93)	Y

13 Organic Chemistry of Hazardous Waste (excluding measurements by GC/MS combination)

13.1	EPA Method 8010(03-18-88)	Y
13.2	EPA Method 8015(03-18-88)	Y
13.3	EPA Method 8020(03-18-88)	Y
13.4	EPA Method 8030(-----)	N
13.5	EPA Method 8040(03-18-88)	Y
13.6	EPA Method 8060(-----)	N
13.7	EPA Method 8080(03-18-88)	Y
13.8	EPA Method 8090(-----)	N
13.9	EPA Method 8100(01-13-93)	Y
13.10	EPA Method 8120(-----)	N
13.11	EPA Method 8140(-----)	N
13.12	EPA Method 8150(-----)	N
13.13	EPA Method 8310(06-03-96)	Y
13.14	EPA Method 632 (-----)	N
13.15	Total Petroleum Hydrocarbons (LUFT Manual) (03-18-88)	Y
13.16	EPA Method 8011(-----)	N
13.17	EPA Method 8021(-----)	N
13.18	EPA Method 8070(-----)	N
13.19	EPA Method 8110(-----)	N
13.20	EPA Method 8141(-----)	N
13.21	EPA Method 8330(06-03-96)	Y

14 Bulk Asbestos Analysis (-----)

14.1	1% or Greater Asbestos Concentrations (Title 22, CCR, 66261.24(a)(2)(A))	N
------	--	---

15 Substances Regulated Under the California Safe Drinking Water and Toxic Enforcement Act (Proposition 65) and Not Included in Other Listed Groups.

16 Wastewater Inorganic Chemistry, Nutrients and Demand (04-11-91)

16.1	Acidity	N
16.2	Alkalinity	N
16.3	Ammonia	N
16.4	Biochemical Oxygen Demand	N
16.5	Boron	Y
16.6	Bromide	N
16.7	Calcium	Y
16.8	CO ₂	N
16.9	Chemical Oxygen Demand	N
16.10	Chloride	N
16.11	Chlorine Residual, total	N
16.12	Cyanide	N
16.13	Cyanide amenable to Chlorination	N
16.14	Fluoride	N
16.15	Hardness	N
16.16	Kjeldahl Nitrogen	N
16.17	Magnesium	Y
16.18	Nitrate	N
16.19	Nitrite	N
16.20	Oil and Grease	Y
16.21	Organic Carbon	N
16.22	Oxygen, Dissolved	N

CERTIFICATE NUMBER: 1094
EXPIRATION DATE: 1/31/98

16.23	pH	Y	16.39	Surfactants (MBAS)	N
16.24	Phenols	N	16.40	Tannin and Lignin	N
16.25	Phosphate, ortho-	N	16.41	Turbidity	N
16.26	Phosphorus, total	N	16.42	Iron (Colorimetric Only)	N
16.27	Potassium	Y	16.43	Manganese (Colorimetric Only)	N
16.28	Residue, Total	N	16.44	Total Recoverable	
16.29	Residue, Filterable (TDS)	N		Petroleum Hydrocarbons	Y
16.30	Residue, Nonfilterable (TSS)	N	16.45	Total Organic Halides	N
16.31	Residue, Settleable (SS)	N			
16.32	Residue, Volatile	N			
16.33	Silica	Y			
16.34	Sodium	Y			
16.35	Specific Conductance	Y			
16.36	Sulfate	N			
16.37	Sulfide (includes total & soluble)	N			
16.38	Sulfite	N			

17 Toxic Chemical Elements in Wastewater (04-11-91)

17.1	Aluminum	N	17.18	Nickel	N
17.2	Antimony	N	17.19	Osmium	N
17.3	Arsenic	Y	17.20	Palladium	N
17.4	Barium	N	17.21	Platinum	N
17.5	Beryllium	N	17.22	Rhodium	N
17.6	Cadmium	N	17.23	Ruthenium	N
17.7	Chromium (VI)	N	17.24	Selenium	Y
17.8	Chromium, total	N	17.25	Silver	N
17.9	Cobalt	N	17.26	Strontium	N
17.10	Copper	Y	17.27	Thallium	N
17.11	Gold	N	17.28	Tin	N
17.12	Iridium	N	17.29	Titanium	N
17.13	Iron	N	17.30	Vanadium	N
17.14	Lead	Y	17.31	Zinc	Y
17.15	Manganese	N	17.32	EPA Method 200.7	Y
17.16	Mercury	Y	17.33	EPA Method 200.8	N
17.17	Molybdenum	N	17.34	DCP	N
			17.35	Asbestos	N

18 Organic Chemistry of Wastewater (measurements by GC/MS combination) (01-26-90)

18.1	EPA Method 624	Y
18.2	EPA Method 625	Y
18.3	EPA Method 1613	N
18.4	EPA Method 1625	N
18.5	EPA Method 613	N

19 Organic Chemistry of Wastewater (excluding measurements by GC/MS combination) (04-11-91)

19.1	EPA Method 601	Y	19.3	EPA Method 608	Y
19.2	EPA Method 602	Y	19.9	EPA Method 609	N
19.3	EPA Method 603	N	19.10	EPA Method 610	N
19.4	EPA Method 604	Y	19.11	EPA Method 611	N
19.5	EPA Method 605	N	19.12	EPA Method 632	N
19.6	EPA Method 606	N	19.13	EPA Method 619	N
19.7	EPA Method 607	N			

20 Inorganic Chemistry and Toxic Chemical Elements of Pesticide Residues in Food (-----)

20.1	Processed Foods by One of the Following Methods	
	Atomic Absorption Spectrophotometry	N
	Inductively Coupled Plasma Atomic Emission Spectrophotometry	N
	Inductively Coupled Plasma/Mass Spectrometry	N
	Colorimetry	N
20.2	Raw Commodities by One of the Following Methods	
	Atomic Absorption Spectrophotometry	N
	Inductively Coupled Plasma Atomic Emission Spectrophotometry	N
	Inductively Coupled Plasma/Mass Spectrometry	N
	Colorimetric	N
20.3	Dairy Products by One of the Following Methods	
	Atomic Absorption Spectrophotometry	N
	Inductively Coupled Plasma Atomic Emission Spectrophotometry	N
	Inductively Coupled Plasma/Mass Spectrometry	N
	Colorimetry	N

CERTIFICATE NUMBER: 1094
EXPIRATION DATE: 1/31/98

111

20.4	Feed Products by One of the Following Methods	
	Atomic Absorption Spectrophotometry -----	N
	Inductively Coupled Plasma Atomic Emission Spectrophotometry -----	N
	Inductively Coupled Plasma/Mass Spectrometry -----	N
	Colorimetry -----	N
21	<u>Organic Chemistry of Pesticide Residues in Food (measurements by GC/MS) (-----)</u>	
21.1	Gas Chromatographic/Mass Spectrometric Methods in Processed Foods -----	N
21.2	Gas Chromatographic/Mass Spectrometric Methods in Raw Commodities -----	N
21.3	Gas Chromatographic/Mass Spectrometric Methods in Dairy Products -----	N
21.4	Gas Chromatographic/Mass Spectrometric Methods in Feed Products -----	N
22	<u>Organic Chemistry of Pesticide Residues in Food (Excluding Measurement by GC/MS Combination) (-----)</u>	
22.1	Halogenated Compounds in Processed Foods by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.2	Organophosphorous Compounds in Processed Foods by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.3	Carbamates in Processed Foods by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.4	Halogenated Compounds in Raw Commodities by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.5	Organophosphorous Compounds in Raw Commodities by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.6	Carbamates in Raw Commodities by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.7	Halogenated Compounds in Dairy Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.8	Organophosphorous Compounds in Dairy Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.9	Carbamates in Dairy Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.10	Halogenated Compounds in Feed Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.11	Organophosphorous Compounds in Feed Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N
22.12	Carbamates in Feed Products by One of the Following Methods	
	Gas Chromatography -----	N
	High Pressure Liquid Chromatography -----	N
	Liquid Chromatography/Mass Spectrometry -----	N



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS — MRO
HTRW MANDATORY CENTER OF EXPERTISE
12565 WEST CENTER ROAD
OMAHA, NEBRASKA 68144-3869



December 6, 1996

Hazardous, Toxic and Radioactive Waste
Center of Expertise

Chromalab, Inc.
1220 Quarry Lane, #C
Pleasanton, California 94566-4756

Gentlemen:

This correspondence addresses the ongoing validation status of Chromalab, Inc. of Pleasanton, California by the U.S. Army Corps of Engineers (USACE) Hazardous, Toxic and Radioactive Waste Center of Expertise (HTRW CX) for HTRW analysis.

With the inclusion of the recent successful analysis for Polynuclear Aromatic Hydrocarbons by Method 8310, your laboratory has successfully analyzed performance evaluation samples as listed below:

METHOD	PARAMETERS	MATRIX
8260A	Volatile Organics	Water ⁽¹⁾
8260A	Volatile Organics	Solids
8021	Volatile Organics	Water ⁽¹⁾
8021	Volatile Organics	Solids
8020	Aromatic Volatile Organics	Water ⁽¹⁾
8020	Aromatic Volatile Organics	Solids
8270A	Semivolatile Organics	Water ⁽¹⁾
8270A	Semivolatile Organics	Solids ⁽¹⁾
8081	Organochlorine Pesticides	Water ⁽¹⁾
8081	Organochlorine Pesticides	Solids
8081	Polychlorinated Biphenyls	Water ⁽¹⁾
8081	Polychlorinated Biphenyls	Solids ⁽¹⁾
8310	Polynuclear Aromatic Hydrocarbons	Water ⁽¹⁾
8310	Polynuclear Aromatic Hydrocarbons	Solids
SW-846	TAL Metals ⁽¹⁾	Water ⁽¹⁾
SW-846	TAL Metals	Solids ⁽¹⁾
413.1	Oil & Grease	Water ⁽¹⁾

REC'D DEC 16 1996

MICRO ANALYTICAL LABORATORIES
(PRIMARY LABORATORY)

SCHEDULE OF VALUES AND CERTIFICATION

Micro Analytical Laboratories, Inc.

1998 Price Schedule For

Geomatrix

Effective 7/15/98

Total Lead By Atomic Absorption Spectroscopy (Flame or Furnace)

	<u>3-10 Days</u>	<u>24 Hours</u>	<u>Rush</u> (Priority or Overnight Response)
Paint Chips	13.00	15.00	20.00
Soil / Solid Waste	13.00	15.00	20.00
Dust Wipes	13.00	15.00	20.00
Air Filters	13.00	15.00	20.00
Drinking Water	15.00	15.00	

Total Metals by ICP - Solids, Water, Air Filters

	<u>10 Days</u>	<u>3-5 Days</u>	<u>24 Hours</u>
First Metal	35.00	35.00	35.00
Each Additional Metal	10.00	10.00	10.00
RCRA 8 Metals	140.00	185.00	
CAM 17 Metals (CA Title 22)	230.00	275.00	

Mercury by Cold Vapor AA - Solids, Water, Air Filters

Mercury Analysis	35.00	45.00
------------------	-------	-------

Extraction and Analysis - Hazardous Waste Characterization*

	<u>10 Days</u>	<u>3-5 Days</u>
TCLP (Single Metal)	75.00	75.00
STLC (Single Metal)	75.00	75.00

*Extraction preparation for STLC or TCLP on multiple metals: \$75.00 per sample.
For analysis, see total metals and mercury prices.

5900 Hollis Street, Suite M
Emeryville, California 94608
(510) 653-0824 (510) 653-1361 Fax

1786 - 18th Street, Suite A
San Francisco, California 94107
(415) 522-5890 (415) 522-5892 Fax

Micro Analytical Laboratories, Inc.



1998 Price Schedule

Submitted To

Geomatrix

Effective 7/15/98

Asbestos by Transmission Electron Microscopy (TEM)

	<u>3-5 Days</u>	<u>24 Hours</u>	<u>Rush</u> (Priority or Overnight)
AHERA Analysis	75.00	100.00	125.00
Yamate II (Modified)	75.00	100.00	125.00
NIOSH 7402	100.00	125.00	150.00

3-10 Days

Bulk/Dust (Qualitative)	75.00
Bulk (Semi-Quantitative)	125.00
Bulk (Weight %)	250.00
Microvacuum (Structures)	175.00
Drinking Water	150.00

Asbestos by Polarized Light Microscopy (PLM)

	<u>Normal</u>	<u>Rush</u> (Priority or Overnight)
Bulk Sample (EPA Method)	12.00	15.00
Point Count (400 Pts.)	75.00	
Matrix Reduction Prep.	50.00	

Additional layers on roofing samples: \$5.00 each.

Fiber Count by Phase Contrast Microscopy (PCM)

	<u>Normal</u>	<u>Rush</u> (Priority or Overnight)
Air Sample (NIOSH 7400 Method)	10.00	12.00

Nuisance Dust Analysis (Total or Respirable)

	<u>Normal</u>	<u>Rush</u> (Priority or Overnight)
Filter Sample (NIOSH 500 or 600)	12.00	15.00

5900 Hollis Street, Suite M
Emeryville, California 94608
(510) 653-0824 (510) 653-1361 Fax

1786 - 18th Street, Suite A
San Francisco, California 94107
(415) 522-5890 (415) 522-5892 Fax

DEPARTMENT OF HEALTH SERVICES

2151 BERKELEY WAY
BERKELEY, CA 94704-1011
(510)540-2800

September 20, 1996



Franco P. Raviola
Micro Analytical Laboratories, Inc.
San Francisco Office
5900 Hollis Street, Suite M
Emeryville, CA 94608-0000

Certificate No.: 2149

Dear Mr. Raviola:

This is to advise you that the laboratory named above has been certified as an environmental testing laboratory pursuant to the provisions of the California Environmental Laboratory Improvement Act of 1988 (Health and Safety Code, Division 1, Part 2, Chapter 7.5, commencing with Section 100825).

The fields of testing for which this laboratory has been certified under this Act are indicated in the enclosed "List of Approved Fields of Testing and Analytes." Certification shall remain in effect until September 30, 1998 unless revoked. This certificate is subject to an annual fee as prescribed by Section 100860(a), Health and Safety Code, on the anniversary date of the certificate. Your application for renewal must be received 90 days before the expiration of your certificate to remain in force according to the California Code of Regulations, Title 22, Division 4, Chapter 19, Sections 64801 through 64827.

Please note that your laboratory is required to notify the Environmental Laboratory Accreditation Program of any major changes in the laboratory such as the transfer of ownership, change of laboratory director, change in location, or structural alterations which may affect adversely the quality of analyses (Section 100845(b), California Health & Safety Code).

Your continued cooperation is essential in order to establish a reputation for the high quality of the data produced by environmental laboratories certified by the State of California.

If you have additional questions, please contact Nelson Lan at (510) 540-2800.

Sincerely,

George C. Kulasingam, Ph.D., Manager
Environmental Laboratory
Accreditation Program

Enclosure

CALIFORNIA DEPARTMENT OF HEALTH SERVICES
ENVIRONMENTAL LABORATORY ACCREDITATION PROGRAM
List of Approved Fields of Testing and Analytes

Micro Analytical Laboratories, Inc.
1786 - 18th Street, Suite A
San Francisco, CA 94107-2343

TELEPHONE No: (415) 522-5890
CALIFORNIA COUNTY: San Francisco

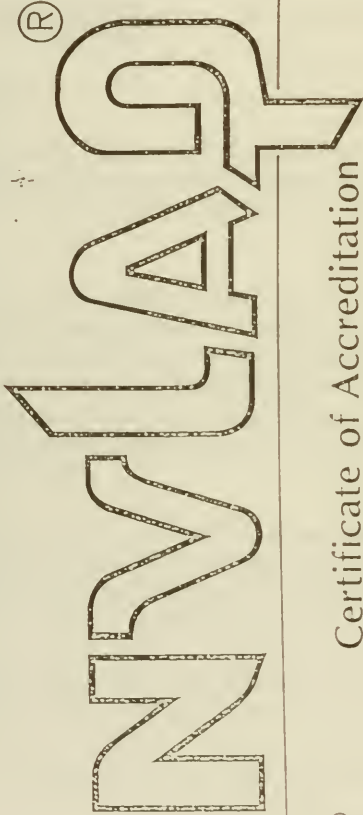
CERTIFICATE NUMBER: 2149
EXPIRATION DATE: 9/30/98

14 Bulk Asbestos Analysis

14.1 1% or Greater Asbestos Concentrations (Title 22, CCR, 66261.24(a)(2)(A))

(092096)

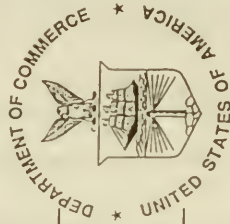
United States Department of Commerce
National Institute of Standards and Technology



ISO/IEC GUIDE 25:1990
ISO 9002:1987

Certificate of Accreditation

MICRO ANALYTICAL LABORATORIES, INC.
SAN FRANCISCO, CA



is recognized under the National Voluntary Laboratory Accreditation Program for satisfactory compliance with criteria established in Title 15, Part 285 Code of Federal Regulations. These criteria encompass the requirements of ISO/IEC Guide 25 and the relevant requirements of ISO 9002 (ANSI/ASQC Q92-1987) as suppliers of calibration or test results. Accreditation is awarded for specific services, listed on the Scope of Accreditation for:

BULK ASBESTOS FIBER ANALYSIS

September 30, 1998

This fax through

For the National Institute of Standards and Technology

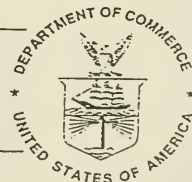
National Institute
Standards and Technology



National Voluntary
Laboratory Accreditation Program

ISO/IEC GUIDE 25:1990
9002:1987

Scope of Accreditation



Revised Scope 03/11/1998

ASBESTOS FIBER ANALYSIS

Page: 1 of 1

NVLAP LAB CODE 200054-0

MICRO ANALYTICAL LABORATORIES, INC.

1786 - 18th Street, Suite A

San Francisco, CA 94107-2343

Mr. Frank Raviola

Phone: 510-653-0824 Fax: 510-653-1361

AP Code

Designation

01

U.S. EPA's "Interim Method for the Determination of Asbestos in Bulk Insulation Samples" as found in 40 CFR, Part 763, Subpart F, App. A, or the current U.S. EPA method for the analysis of asbestos in building material.

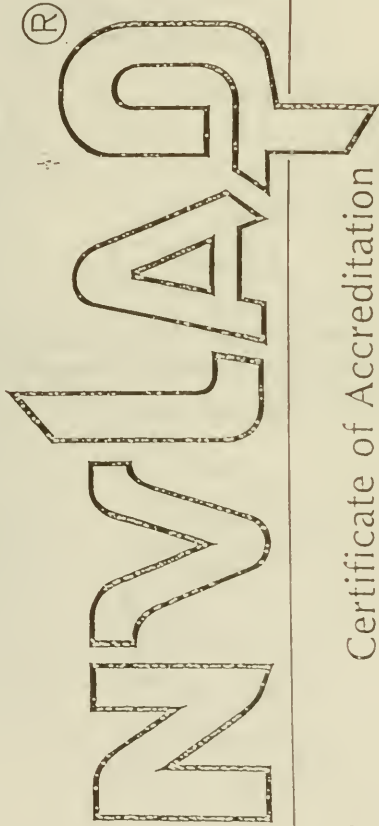
September 30, 1998

Effective through

A handwritten signature in dark ink, appearing to read "John L. Galt".

For the National Institute of Standards and Technology

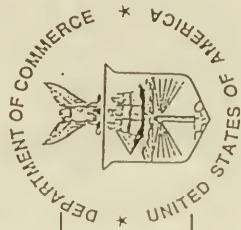
United States Department of Commerce
National Institute of Standards and Technology



ISO/IEC GUIDE 25:1990
ISO 9002:1987

Certificate of Accreditation

MICRO ANALYTICAL LABORATORIES, INC.
EMERYVILLE, CA



is recognized under the National Voluntary Laboratory Accreditation Program for satisfactory compliance with criteria established in Title 15, Part 285 Code of Federal Regulations. These criteria encompass the requirements of ISO/IEC Guide 25 and the relevant requirements of ISO 9002 (ANSI/ASQC Q92-1987) as suppliers of calibration or test results. Accreditation is awarded for specific services, listed on the Scope of Accreditation for:

AIRBORNE ASBESTOS FIBER ANALYSIS

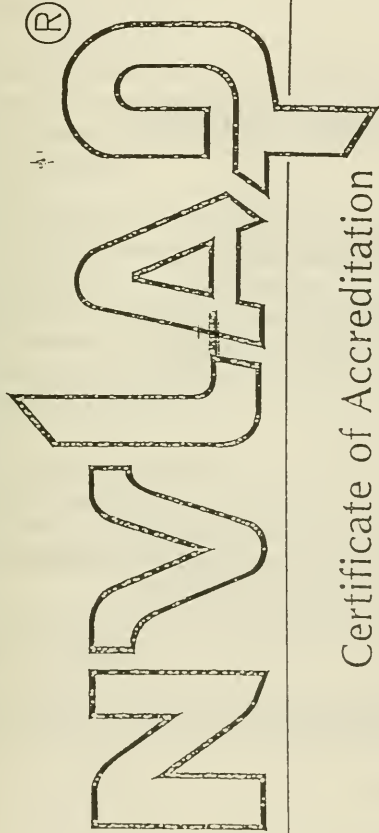
September 30, 1998

Effective through

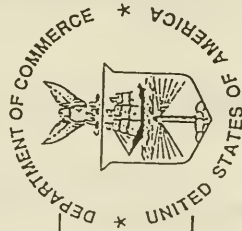
For the National Institute of Standards and Technology

NIST A 111-1

United States Department of Commerce
National Institute of Standards and Technology



ISO/IEC GUIDE 25:1990
ISO 9002:1987



Certificate of Accreditation

MICRO ANALYTICAL LABORATORIES, INC.
EMERYVILLE, CA

is recognized under the National Voluntary Laboratory Accreditation Program for satisfactory compliance with criteria established in Title 15, Part 285 Code of Federal Regulations. These criteria encompass the requirements of ISO/IEC Guide 25 and the relevant requirements of ISO 9002 (ANSI/ASQC Q92-1987) as suppliers of calibration or test results. Accreditation is awarded for specific services, listed on the Scope of Accreditation for:

BULK ASBESTOS FIBER ANALYSIS

September 30, 1998

Effective through

A handwritten signature in dark ink, appearing to be "John R. [unclear]", written over a horizontal line.

For the National Institute of Standards and Technology
NVLAP Technical Code: 101872-0

STATE OF CALIFORNIA
DEPARTMENT OF HEALTH SERVICES

ENVIRONMENTAL LABORATORY CERTIFICATION

is hereby granted to

MICRO ANALYTICAL LABORATORIES, INC.

5900 HOLLIS STREET, SUITE M
EMERYVILLE, CALIFORNIA

to conduct analyses of environmental samples as specified in the
"List of Approved Fields of Testing and Analytes"
which accompanies this Certificate.

This Certificate is granted in accordance with provisions of Section 1010, et seq.
(New Section 100325) of the Health and Safety Code.

Certificate No.: 1037

Expiration Date: 10/31/1999

Issued on: 10/01/1997
at Berkeley, California,
subject to forfeiture or revocation.

George C. Kulasingam

George C. Kulasingam, Ph.D.
Manager
Environmental Laboratory Accreditation Program

DEPARTMENT OF HEALTH SERVICES

KEY WAY
A 94704-1011
(510) 540-2800

March 16, 1998



FRANK RAVIOLA
MICRO ANALYTICAL LABORATORIES, INC.
5900 HOLLIS STREET, SUITE M
EMERYVILLE, CA 94608-

Certificate No.: 1037

Dear FRANK RAVIOLA:

This is to advise you that the laboratory named above has been certified as an environmental testing laboratory pursuant to the provisions of the California Environmental Laboratory Improvement Act of 1988 (Health and Safety Code, Division 1, Part 2, Chapter 7.5, commencing with Section 100825).

The Fields of Testing for which this laboratory has been certified under this Act are indicated in the enclosed "List of Approved Fields of Testing and Analytes." Certification shall remain in effect until October 31, 1999 unless revoked. This certificate is subject to an annual fee as prescribed by Section 100860(a), Health and Safety Code, on October 31, 1998. Your application for renewal must be received 90 days before the expiration of your certificate to remain in force according to the California Code of Regulations, Title 22, Division 4, Chapter 19, Section 64801 Through 64827.

Please note that your laboratory is required to notify the Environmental Laboratory Accreditation Program of any major changes in the laboratory such as the transfer of ownership, change of laboratory director, change in location, or structural alterations which may affect adversely the quality of analyses (Section 100845(b) and (d), California Health and Safety Code).

Your continued cooperation is essential in order to establish a reputation for the high quality of the data produced by environmental laboratories certified by the State of California.

If you have any questions, please contact Nelson Lan at (510) 540-2800.

Sincerely,

George C. Kulasingam, Ph.D., Manager
Environmental Laboratory
Accreditation Program

Enclosure

CALIFORNIA DEPARTMENT OF HEALTH SERVICES
ENVIRONMENTAL LABORATORY ACCREDITATION PROGRAM
List of Approved Fields of Testing and Analytes

MICRO ANALYTICAL LABORATORIES, INC.
5900 HOLLIS STREET, SUITE M
EMERYVILLE, CA

PHONE No. (510) 653-0824
COUNTY ALAMEDA

Certificate No. 1037
Expiration Date 10/31/1999

03 Analysis of Toxic Chemical Elements in Drinking Water

- 03.01 Arsenic
- 03.02 Barium
- 03.03 Cadmium
- 03.04 Chromium, total
- 03.05 Copper
- 03.06 Iron
- 03.07 Lead
- 03.08 Manganese
- 03.09 Mercury
- 03.10 Selenium
- 03.11 Silver
- 03.12 ~~Zinc~~
- 03.13 Aluminum
- 03.14 Asbestos
- 03.15 Antimony
- 03.16 Beryllium
- 03.17 Nickel

10 Inorganic Chemistry and Toxic Chemical Elements of Hazardous Waste

- 10.01 Antimony
- 10.02 Arsenic
- 10.03 Barium
- 10.04 Beryllium
- 10.05 Cadmium
- 10.06 Chromium, total
- 10.07 Cobalt
- 10.08 Copper
- 10.09 Lead
- 10.10 Mercury
- 10.11 Molybdenum
- 10.12 Nickel
- 10.13 Selenium
- 10.14 Silver
- 10.15 Thallium
- 10.16 Vanadium
- 10.17 Zinc

11 Extraction Tests of Hazardous Waste

- 11.01 California Waste Extraction Test (WET)
- 11.04 Toxicity Characteristic Leaching Procedure (TCLP) Inorganics Only

14 Bulk Asbestos Analysis

- 14.01 Bulk Asbestos, 1% or greater Concentrations

17 Toxic Chemical Elements in Wastewater

- 17.01 Aluminum

Certificate No. 1037
Expiration Date 10/31/1999

17.02 Antimony
17.03 Arsenic
17.04 Barium
17.05 Beryllium
17.06 Cadmium
17.08 Chromium, total
17.09 Cobalt
17.10 Copper
17.13 Iron
17.14 Lead
17.15 Manganese
17.16 Mercury
17.17 Molybdenum
17.18 Nickel
17.24 Selenium
17.25 Silver
17.27 Thallium
17.28 Tin
17.29 Titanium
17.30 Vanadium
17.31 Zinc
17.32 Asbestos

The American Industrial Hygiene Association



is proud to acknowledge that

Micro Analytical Laboratories, Inc.
Emeryville, CA
Laboratory ID# 11150

*has fulfilled the requirements for Industrial Hygiene Laboratory
Accreditation and has earned distinguished recognition as an*

AIHA IH Accredited Laboratory

*Originally Accredited December 1, 1993, current certificate effective December 1, 1996
until December 1, 1999, subject to continued compliance with AIHA accreditation criteria*

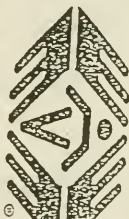
Zack Mansdorf
Zack Mansdorf, Ph.D., CIH, CSP, QEP
President, American Industrial Hygiene Association

September 20, 1996
Preparation Date

Donald J. Hart
Donald J. Hart, Ph.D., CIH
Chair, Analytical Accreditation Board

Colleen Becker
Colleen Becker, CIH
Chair, IH Laboratory Accreditation Committee

504
Certificate Number



THE AMERICAN INDUSTRIAL HYGIENE ASSOCIATION
is proud to acknowledge that

Micro Analytical Laboratories, Inc.
Emeryville, CA
Laboratory ID# 11150

has fulfilled the requirements for the Environmental Lead Laboratory Accreditation
Program and has earned distinguished recognition as an

AIHA ELLAP ACCREDITED LABORATORY

12/01/1996 - 12/01/1999

In the following matrices: Paint Soil Dust Air

*This program is recognized by the EPA as meeting the requirements of the
National Lead Laboratory Accreditation Program established under Title X of the
Residential Lead-Based Paint Hazard Reduction Act of 1992 and includes paint, soil and
dust wipe analysis. Air analysis is not included as part of the NLLAP.*

George Burke

D. Jeff Burton, CII, PE, CSP

President, American Industrial Hygiene Association

Eric L. Botnick

Eric L. Botnick, Chair, Environmental

Lead Laboratory Accreditation Committee

Mark A. Pushar

Mark Pushar, Ph.D., Chair,

Analytical Accreditation Board

APPENDIX C

CONTRACTOR'S AND CONTRACTOR'S EMPLOYEES' INTERESTS IN OTHER CITY CONTRACTS

24th and Utah - Controller's Certification ENC98000002 -01

File No. 000173

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation;
available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

(Use back side if additional space is needed)

Late Agenda Items (documents received too late for distribution to the Committee Members)

- | | | |
|--------------------------|--------------------------|-------|
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper with horizontal ruling lines. On the left side, there are two vertical columns of small, empty square boxes, each containing 20 squares. The rest of the page is filled with horizontal lines for writing.

1 AUTHORIZING THE AIRPORT COMMISSION TO ACCEPT AND EXPEND A GRANT
2 IN THE AMOUNT OF \$116,000 FROM THE BAY AREA AIR QUALITY
3 MANAGEMENT DISTRICT (AIR DISTRICT) FOR ACQUISITION OF LIGHT DUTY
4 COMPRESSED NATURAL GAS (CNG) VEHICLES
5

6
7 WHEREAS, The Airport seeks to reduce vehicle emissions in the region and on
8 terminal roadways; and

9 WHEREAS, The Air District assists public agencies in implementing emissions
10 reduction projects, such as the addition of CNG vehicles to fleets; and

11 WHEREAS, The Airport Commission, in Resolution 99-0212, approved an
12 application to seek, accept, and expend funds for this project; and

13 WHEREAS, The Airport would administer this grant, disburse incentive funds to
14 permitted third party passenger carriers, and provide the Air District with information
15 concerning the new vehicles; and

16
17 WHEREAS, The Airport would have no ownership interest in third party CNG
18 vehicles; and

19 WHEREAS, Airport funds used for the base cost of Airport-owned automobiles are
20 contained in the approved Airport budget for this purpose, with the full additional cost of
21 CNG automobiles paid by the Air District; and

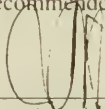
22 WHEREAS, This demonstration project would continue this Airport's reputation as a
23 regional leader in promoting clean fuel use among ground transportation providers; now,
24 therefore, be it
25

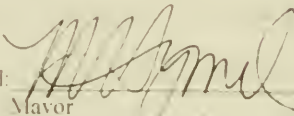
1 RESOLVED, That, pursuant to San Francisco Administrative Code §10.170-1, the
2 Board of Supervisors does hereby authorize the Airport Commission to accept and expend
3 funds awarded in this grant; and be it

4 FURTHER RESOLVED, That the Board of Supervisors does hereby waive indirect
5 costs; and, be it


6 FURTHER RESOLVED, That although the City has incurred no legal obligation, the
7 Board of Supervisors does hereby ratify the action previously taken.
8
9

10
11 Recommended:

12 
13 Department Head
14

15 Approved: 

Mayor

16 Approved: 

17 Controller, Grant Division
18
19
20
21
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23
24
25

Memo to Finance Committee
February 9, 2000 Finance Committee Meeting

Item 6 - File 00-0173

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant in the amount of \$116,000 from the Bay Area Air Quality Management District (BAAQMD) for acquisition of light duty Compressed Natural Gas (CNG) vehicles. Light duty vehicles include automobiles and vans which have a gross vehicle weight of less than 10,000 lbs.

Amount: \$116,000

Source of Funds: Transportation Fund for Clean Air (TFCA), Vehicle Incentive Program (VIP) administered by the Bay Area Air Quality Management District (BAAQMD). TFCA is funded by a portion of Bay Area vehicle registration fees.

Grant Period: November 1999 – April 2000

Description: The Airport CNG Vehicle Project -- Light Duty Vehicles is a demonstration project to encourage companies that transport persons to and from the Airport and for the Airport Commission itself to replace a portion of their light duty gasoline- and diesel-powered vehicles with clean Compressed Natural Gas (CNG) vehicles. The project would provide funds to companies providing transportation operating at the Airport to subsidize the incremental cost of 16 CNG vehicles over gasoline- and diesel-powered vehicles. Additionally, it would allow the Airport Commission to substitute five clean burning CNG automobiles for five gasoline powered automobiles for which funds were previously budgeted.

The grant would provide a subsidy to two private companies for the purchase of 16 light-duty CNG vans. Additionally, the grant would provide additional funds for the Airport to acquire five CNG automobiles to replace five gasoline powered automobiles. The funds provided by the BAAQMD would cover the approximate difference in the cost between gasoline- or diesel-powered vehicles and the CNG vehicles. This grant would allow the participating companies to purchase an estimated 16 CNG vehicles at regular gasoline- or diesel-powered vehicle prices, and the

Memo to Finance Committee
February 9, 2000 Finance Committee Meeting

Airport Commission to purchase five CNG automobiles at gasoline- or diesel-powered vehicle prices. The two private companies and the Airport would supplement the grant funds they receive in order to cover the entire cost of the new CNG vehicles.

This grant would provide approximately 22.1 percent, or \$96,000, of the total cost of the estimated 16 CNG vans to be purchased by SuperShuttle and Inn at Oyster Point; it would also provide 20.2 percent, or \$20,000, of the total cost of the five CNG automobiles to be purchased by the Airport. The grant recipients would provide the balance: 77.9 percent, or \$338,809, from two private companies of the total cost of \$434,809 for the 16 CNG vans, and 79.8 percent, or \$79,190, from the Airport of the total cost of \$99,190 for the five CNG automobiles to be acquired by the Airport. As shown in Attachment I provided by the Airport, the total project cost is \$533,999, including \$116,000 in the subject grant funds.

Of the remaining estimated cost of \$417,999, \$338,809 is to be provided by SuperShuttle and Inn at Oyster Point and \$79,190 is to be provided by the Airport.

Budget:

Estimated Grant Fund Allocation for the Acquisition of 21 CNG vehicles (Subsidies are based on the approximate incremental increased cost of a CNG fueled vehicle compared to a conventional fueled vehicle – See Attachment for details)		
Per CNG Car (Airport Acquisition)	\$4,000 x 5 vehicles	\$20,000
Per CNG Van (Private Company Acquisition)	\$6,000 x 16 vehicles	\$96,000
Total Grant Funds:		\$116,000

Mr. Roger Hooson of the Airport advises that all costs under this grant are capital costs, and 100 percent of the funds would be used in each case toward the purchase of the CNG fueled vehicles.

Airport Funds: \$79,190 to be provided from the Airport's FY 1999-2000 budget.

Indirect Costs: Indirect costs would be waived in order to apply all grant funds to direct program costs.

Comments: 1. This grant is similar to three prior grants previously approved by the Board of Supervisors for acquisition of CNG vehicles. It differs only in that (a) the Vehicle Incentive Program administered by the Bay Area Air Quality Management District specifically targets light duty vehicles, and (b) the Airport itself is purchasing five vehicles for its own use in addition to obtaining grant funds to subsidize one privately operated transportation company and one hotel in acquiring CNG vehicles.

2. The two participating private companies, SuperShuttle and Inn at Oyster Point, have provided the Airport with letters of intent to participate in the demonstration project, and with purchase orders for specific CNG vans. SuperShuttle will acquire 15 vans, and the Inn at Oyster Point will acquire one van. The Airport would administer the grant, disburse the grant funds to participating hotels and transportation companies, and monitor the project.

3. According to Mr. Hooson, an important component of this demonstration project is the CNG fueling station at the Airport's Ground Transportation Staging Area located near the U.S. 101 Millbrae Avenue interchange. The Airport awarded a lease to a private firm, Trillium USA, to build and operate the CNG fueling station facility. This fueling station became operational in June of 1999 and is accessible to any of the Airport's contracted and permitted companies that provide transportation to and from the Airport. These services include door-to-door vans, scheduled vehicles, taxis and the Caltrain-SFO Shuttle. Under the terms of its lease with the Airport, Trillium USA pays to the Airport three percent of its gross revenues, or a minimum of \$569 monthly (\$6828 annually), whichever is greater.

4. Attachment II is a copy of the Grant Information Form.

Memo to Finance Committee
February 9, 2000 Finance Committee Meeting

5. The Airport has prepared a Disability Access Checklist, which is on file with the Clerk of the Board's Office.

Recommendations: Approve the proposed resolution.

AIR DISTRICT GRANT 1999 VIP 23

PROPOSED DISTRIBUTION OF GRANT FUNDS (SUBJECT TO CHANGE)

<u>Transport Operator</u>	<u>Veh. Make</u>	<u>Veh. Model</u>	<u># Seats</u>	<u>Unit Veh. Cost</u>	<u># of Veh.</u>	<u>Total Veh. Cost</u>	<u>Grant Funds Per Veh.</u>	<u>Total Grant Funds</u>
Super Shuttle	Ford	E350 Van	7	\$27,010	15	\$405,150	\$6,000	\$90,000
Inn at Oyster Point	Ford	E350 XLT Van	12	\$29,659	1	\$29,659	\$6,000	\$6,000
City and County of San Francisco	Honda	Civic GX	5	\$19,838	5	\$99,190*	\$4,000	\$20,000
TOTAL					21	\$533,999		\$116,000

Notes:

* Total including sales tax is \$107,621.15

- All above vehicles are Compressed Natural Gas (CNG) models.

- A fixed dollar amount will be paid by the Air District: \$4,000 per vehicle for vehicles certified by the California Air Resources Board in the ULEV emissions class, and \$6,000 per vehicle for vehicles certified by CARB in the SULEV emissions class. Payment is made only after vehicles have been delivered and paid for.

- Grant amount applied for may exceed actual reimbursement due to changes in involved transportation operators, number of vehicles ordered, and other factors.

012715W.rtl

File Number (provided by Clerk of Board of Supervisors): _____

Grant Information Form. Revised 11/30/99

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept & expend grant funds

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: *VIP Voucher 23 - CNG Vehicles*
2. Department: *Airport Commission*
3. Contact Person: *Roger Hooson* Telephone: *(650) 794-6511*
4. Grant Approval Status (check one):
☒ [x] Approved by funding agency ☐ [] Not yet approved
5. Amount of Grant Funding Approved or Applied for: *\$116,000*
- 6a. Matching Funds Required: *None (Airport funds used only for the base cost of Airport-owned vehicles)*
b. Source(s) of matching funds (if applicable):
- 7a. Grant Source Agency: *Bay Area Air Quality Management District*
b. Grant Pass-Through Agency (if applicable):
8. Proposed Grant Project Summary: *San Francisco International Airport door-to-door van and hotel shuttle operators will acquire 16 compressed natural gas (CNG) vans in the California Air Resources Board (CARB) SULEV emissions category, and the Airport Commission will acquire 5 CNG autos in CARB's ULEV emissions category.*
9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: *11/99* End-Date: *4/00*
10. Number of new positions created and funded: *None*
11. If new positions are created, explain the disposition of employees once the grant ends?
N/A
- 12a. Amount budgeted for contractual services: *None*
b. Will contractual services be put out to bid? *N/A*
c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? *N/A*
d. Is this likely to be a one-time or ongoing request for contracting out? *N/A*

d. Is this likely to be a one-time or ongoing request for contracting out? No

a. Does the budget include indirect costs? ☐ Yes ☒ No

b1. If yes, how much? \$

b2. How was the amount calculated?

c. If no, why are indirect costs not included?

☐ Not allowed by granting agency

☒ To maximize use of grant funds on direct services

☐ Other (please explain):

f. Any other significant grant requirements or comments:

Disability Access Checklist***

g. This Grant is intended for activities at (check all that apply):

☐ Existing Site(s)

☐ Existing Structure(s)

☒ Existing Program(s) or Service(s)

☐ Rehabilitated Site(s)

☐ Rehabilitated Structure(s)

☐ New Program(s) or Service(s)

☐ New Site(s)

☐ New Structure(s)

h. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

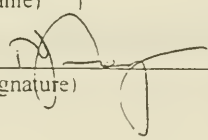
Departmental or Mayor's Office of Disability Contact: Ron Fong

Date Reviewed: 1/10/00

Department Approval:

Ron Fong
(Name)

Assistant ADA Coordinator
(Title)


(Signature)

San Francisco International Airport

00 JUL 27 11 31 35

P.O. Box 8097
San Francisco, CA 94128
Tel 650.794.5000
Fax 650.794.5005
www.flysfo.com

January 19, 2000

000173

Ms. Gloria Young
Clerk of the Board
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

AIRPORT
COMMISSION
CITY AND COUNTY
OF SAN FRANCISCO

WILLIE L. BROWN, JR.
MAYOR

Dear Ms. Young:

Attached please find one original and four copies of a proposed resolution forwarded by the Airport Commission.

This proposed resolution would authorize the Airport Commission to accept and expend a grant from the Bay Area Air Quality Management District (Air District) in the amount of \$116,000 to acquire Compressed Natural Gas (CNG) vehicles.

These grants should be assigned by the Board on January 31, 2000 and heard by Finance Committee on February 9, in order to avoid payment delays to third parties.

If you have any questions, please call Roger Hooson at (650) 794-6511.

Very truly yours,



John L. Martin
Airport Director

Attachments

HENRY E. BERMAN
PRESIDENT

LARRY MAZZOLA
VICE PRESIDENT

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN
AIRPORT DIRECTOR

File Number (provided by Clerk of Board of Supervisors): _____

Grant Information Form, Revised 11/30/99

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept & expend grant funds

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: *VIP Voucher 23 - CNG Vehicles*

2. Department: *Airport Commission*

3. Contact Person: *Roger Hooson*

Telephone: *(650) 794-6511*

4. Grant Approval Status (check one):

☒ Approved by funding agency

☐ Not yet approved

5. Amount of Grant Funding Approved or Applied for: *\$16,000*

6a. Matching Funds Required: *None (Airport funds used only for the share cost of Airport-owned vehicles)*

b. Source(s) of matching funds (if applicable):

7a. Grant Source Agency: *Bay Area Air Quality Management District*

b. Grant Pass-Through Agency (if applicable):

8. Proposed Grant Project Summary: *San Francisco International Airport door-to-door van and hotel shuttle operators will acquire 16 compressed natural gas (CNG) vans in the California Air Resources Board (CARB) SULEV emissions category, and the Airport Commission will acquire 5 CNG autos in CARB's ULEV emissions category.*

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: *11/99*

End-Date: *4/00*

10. Number of new positions created and funded: *None*

11. If new positions are created, explain the disposition of employees once the grant ends?

NA

12a. Amount budgeted for contractual services: *None*

b. Will contractual services be put out to bid? *NA*

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? *NA*

d. Is this likely to be a one-time or ongoing request for contracting out? *NA*

d. Is this likely to be a one-time or ongoing request for contracting out? *N/A*

3a. Does the budget include indirect costs? ☐ Yes ☒ No

b1. If yes, how much? \$

b2. How was the amount calculated?

c. If no, why are indirect costs not included?

☐ Not allowed by granting agency

☒ To maximize use of grant funds on direct services

☐ Other (please explain):

14. Any other significant grant requirements or comments:

Disability Access Checklist

15. This Grant is intended for activities at (check all that apply):

☒ Existing Site(s)

☐ Existing Structure(s)

☒ Existing Program(s) or Service(s)

☐ Rehabilitated Site(s)

☐ Rehabilitated Structure(s)

☐ New Program(s) or Service(s)

☐ New Site(s)

☐ New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability Contact: *Ron Fong*

Date Reviewed: *1/10/00*

Department Approval:

Ron Fong
(Name)

Assistant ADA Coordinator
(Title)

[Signature]
(Signature)

GRANT BUDGET

- Please see Page 1 of the attached grant application

Vehicle Incentive Program (VIP) Application

Use this form to request incentives for alternative fuel (natural gas, propane, electric, or hybrid electric) passenger cars, pick-up trucks, and vans with a gross vehicle weight of 10,000 pounds or less. If you have questions, contact David Burch at 415-749-4641 or via e-mail at dburch@baa-qmd.gov.

Public Agency Name: *San Francisco International Airport*

Contact Person: *Roger Hooson, Senior Transportation Planner, Landside Operations*

Phone: (650) 794-6511; Fax: (650) 794-6508; E-mail: *roger_hooson@ci.sf.ca.us*

Mailing Address: *San Francisco International Airport, San Francisco, CA 94128*

1. Clean Air Vehicles: Total VIP Incentive \$\$ Requested: **\$120,000**

Specify the number and type of clean air vehicle(s) for which you request VIP incentives:

Emission Category (ULEV, SULEV, ZEV)	Fuel Type	Vehicle Make & Model	Purchase or Lease	# of Vehicles	VIP \$ per Vehicle	Total \$
SULEV	CNG	Ford Econoline E350 Van	Purchase	18	\$6K	\$108K
SULEV	CNG	Dodge Van	Purchase	2	\$6K	\$12K

Note: The above request is supported by letters of intent from commercial vehicle operators which are attached. Super Shuttle is requesting 16 Ford vans, San Francisco City Shuttle 2 Dodge vans, Comfort Inn 1 Dodge van, and Inn at Oyster Point 1 Ford van. Most hotels will be operating CNG minibuses, application for which was made through the standard TFCA process.

2. Identify source of matching funds:

Commercial Door-to-Door Van and Hotel Courtesy Shuttle Operators (Entire Balance of Vehicle Cost)

3. Describe how vehicles will be used and anticipated daily and annual mileage per vehicle:

Door-to-Door Vans: Transport passengers to and from SFO. Daily mileage per vehicle 233; Annual mileage 85,000

Hotel Courtesy Shuttles: Transport passengers to and from SFO. Daily mileage per vehicle 137; Annual mileage 50,000 (based on consolidated shuttle operation)

4. Describe access to refueling/ recharging infrastructure for the clean air vehicles:

The Airport developed a new fast fill, two-hose Trillium CNG fueling station at the Ground Transportation Staging Area. The station is expandable to four hoses.

5. Provide inventory of existing vehicles: Indicate the number of passenger cars, pick-up trucks, and vans in your existing vehicle fleet of with a gross vehicle weight of 10,000 pounds or less:

Total # Vehicles (10,000 lbs. or less)	# CNG Vehicles (dedicated or bi-fuel)	# Electric Vehicles (including hybrid electric)	Other (specify fuel type)
Door-to-Door Vans: 347 vehicles Hotel Courtesy Shuttles: 35 vehicles (under 10,000 lbs.)	Door-to-Door Vans: 16 vehicles Hotel Courtesy Shuttles: 1 vehicle	Door-to-Door Vans and Hotel Courtesy Shuttles: None	Door-to-Door Vans: 331 gasoline Hotel Courtesy Shuttles: 34 gasoline

Project sponsor hereby certifies that no TFCA County Program Manager funds have been requested or received for the vehicles described in #1 above.

Alexi Kourdis
Signature (Fleet Manager or equivalent)

Ground Transportation
Title manager

7/30/99
Date

Attachments (4)

Mail this form to: David Burch, BAAQMD, 939 Ellis Street, San Francisco, CA 94109

ATTACHMENT 1

SuperShuttle

July 28, 1999

Roger Hooson
Landside Operations
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Dear Roger,

I would like to thank you for the opportunity to be part of the grand opening yesterday and say it was a pleasure to meet with you. The event was well organized and SuperShuttle appreciates the representation received.

The airport and the Air District have put together a great program, and I feel the CNG project will be a great success.

SuperShuttle intends to purchase sixteen (16) additional CNG vehicles in the up and coming year and we hope to be included in any additional funding provided by the San Francisco International airport and Air District.

Cordially,



Eric S. Butler
General Manager

Cc: David Bird, VP Operations

ATTACHMENT 2

Sample Cover Letter

Roger Hooson
Senior Transportation Planner
Landside Operations
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Dear Mr. Hooson:

I have read the attached Permit Addendum, and am interested in purchasing Compressed Natural Gas (CNG)-powered vans through the Bay Area Air Quality Management District's (Air District) new Vehicle Incentive Program (VIP) for vehicles of 10,000 lbs. GVW or less. Between July 1, 1999 and July 14, 1999, I pledge to purchase 2 CNG-powered vehicles as indicated below:

<u>Quantity</u>	<u>Make</u>	<u>Model</u>	<u>Psgr. Seats</u>
2	DODGE/FORD	VAN	9

This is a firm commitment on my part.

Sincerely,

J. Riscozavaleta
San Francisco City Shuttle
6-8-99



July 23, 1999

Mr. "Cisco" Zavaleta, President
San Francisco VIP Coach Tours,
dba San Francisco City Shuttle
360 Alcott Road
San Bruno, CA 94066

Dear Mr. Zavaleta:

Attached for your files is a fully executed original of the Second Addendum to your Airport Operating Permit 3072. The second original has been filed with the Airport's Ground Transportation Permit Processing Unit.

Thank you for your participation in the Airport Clean Fuel Vehicle Project. If you have questions, I can be reached at (650) 794-6511.

Sincerely,
Original Signed by

Roger Hooson
Senior Transportation Planner
Landside Operations

Attachment

RH/maf

bcc: DBriscoe
Chron

ELeung
File 3D48/15P (w/a)

ASgourakis
07223D48.rh1

RHooson (w/a) DBermudez

ATTACHMENT 5

RECEIVED
AIRSIDE OPERATIONS



Airport West

1390 El Camino Real
Millbrae, CA 94030
Phone: (650) 952-3200
Fax: (650) 952-0474

April 20, 1999

Roger Hooson
Senior Transportation Planner
Landside Operations
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Dear Mr. Hooson:

I have read the attached Draft Permit Addendum, and am interested in purchasing Compressed Natural Gas (CNG)-powered vehicle through the Bay Area Air Quality Management District's (Air District) incentive funding program. Between October 15, 1999 and October 14, 2000, I intend to purchase one CNG vehicle as indicated below:

<u>Quantity</u>	<u>Make</u>	<u>Model</u>	<u>Psgr. Seats</u>
1	Dodge - Chrysler	Unknown	10 psgr. With space for baggage

Should circumstances change, my business will notify the Airport promptly.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mohamed Virji', with a horizontal line drawn underneath it.

Mohamed Virji
General Manager

ATTACHMENT 4

Inn at Oyster Point Consolidation Plans

Maria Salt (650) 737-7633

Introduction:

◆ We contacted several of the potential courtesy shuttle providers on the list provided; Ann Vega of Super Shuttle, John Spivack of SFO Airporter and Bill Schweitzer of Yellow Cab of San Mateo. We also attempted to exchange information & ideas with several of the properties in close proximity to us; the Embassy Suites and Comfort Suites. We also tried to establish how many times a month we now travel to and from SFO. We received an estimate of cost from S&C Ford for 1 CNG vehicle, a 1999 Ford E350 XLT.

Information Obtained:

◆ While the cost of using Super Shuttle would work for our limited budget, it would not be able to provide the convenient service for our guests that we can now provide. Our guests would have to have a scheduled pick-up from our property at least one hour prior to the time they wish to be at the airport to allow for other pick-ups along the way. Since our property is located only 15 minutes from the airport and often guests choose to stay here because of that reason using Super Shuttle as a service to transport our guests to SFO is not a viable option for us.

◆ John Spivack of SFO Airporter was not able to give me any solid information regarding costs or services at this time because that was dependent on the number of properties who would use SFO Airporter as their property's courtesy shuttle provider and what the different properties needs were. He was merely information gathering at this time.

◆ Bill Schweitzer of Yellow Cab of Burlingame was to fax out some information with a rough estimate of cost and services but has not done so as of yet.

◆ Based on researching several months invoices for AVI-GTU GROUND TRANSPORTATION our average trips to the airport are "30" a month! A 1/3 consolidation seems rather difficult when we may go only 1 or 2 times in a day.

◆ We plan to purchase a new CNG vehicle sometime before the end of the year.

◆ The other properties we tried to contact had not yet decided what they were going to do and were still trying to gather information.

Summary:

We will make every effort to comply with the shuttle consolidation. At this time we need more information from potential providers and from the properties around us in order to come up with a service that will provide our guests with the service and convenience they expect, one that meets our budget and the consolidation mandate of the airport commission.

Please note that we are a "30" room hotel with very limited airport transportation usage. Our current vehicle seats only "4" people including the driver and we always schedule van runs to insure no unnecessary runs are made.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

November 30, 1999

Roger Hooson
Sr. Transportation Planner
Landside Operations
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

RECEIVED
LANDSIDE OPERATIONS

DEC - 1 1999

TO: _____
FROM: _____

RE: Clean Air Vehicle Incentives: Confirmation of VIP Voucher # 23

Dear Roger Hooson:

The Air District recently approved an incentive voucher in the amount of \$120,000 to help your agency acquire 20 SULEV compressed natural gas vehicles through the Air District's Vehicle Incentive Program (VIP). The incentive was contingent upon your submittal of a lease order by the voucher confirmation date of November 8, 1999.

We have received the purchase orders that you submitted for a total of 16 SULEV vehicles and five ULEV vehicles. Based on the VIP incentive levels of \$6,000 per SULEV vehicle and \$4,000 per ULEV vehicle, this represents total incentive funding of \$116,000. This letter serves to confirm your incentive voucher in the amount of \$116,000. The Air District will reserve the incentive funds pending delivery of the vehicles.

The enclosed VIP Payment Request Form should be submitted to the Air District after you have taken delivery of all the vehicles that were approved for the VIP incentive.

Please note that failure to take delivery of the vehicles within 120 days of the date of this letter will result in a review, and potential revocation, of this grant. Additional time to take delivery of vehicles will be granted when appropriate.

If you have any questions, please contact David Burch at (415) 749-4641.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward Miller", written over a horizontal line.

Edward Miller
Supervisor
Transportation Fund for Clean Air

Enclosure

File: g:\VIP\confirm

File No. 000073

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation;
available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

(Use back side if additional space is needed)

Late Agenda Items (documents received too late for distribution to the Committee Members)

- | | | |
|--------------------------|--------------------------|-------|
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper with horizontal ruling lines. On the left side, there are two vertical columns of small, empty square boxes, each containing 20 squares. The rest of the page is filled with horizontal lines for writing.

[Lease of Real Property]

APPROVING COMMERCIAL LEASE FOR SPACE NOS. 6 & 7 AT THE MOSCONE
CENTER GARAGE.

WHEREAS, Ordinance No.254-86 authorized the Director of Property to arrange for direct leases of the commercial space at the Moscone Center Garage on a non-competitive bid basis while taking into account the tenant mix and proposed rent; and,

WHEREAS, The Parking Authority Commission authorized the Director of Property to solicit Requests for Proposals for the subject vacant commercial space by adopting Resolution No.116-99-PA on June 1, 1999; and,

WHEREAS, The Real Estate Department advertised the Request for Proposals in the San Francisco Independent and placed a For Lease sign in the storefront window; and,

WHEREAS, Only one written proposal for lease of the premises was received and the Parking Authority Commission approved the lease terms and conditions by adopting Resolution No.101-00-PA on January 4, 2000; now, therefore, be it

1 RESOLVED, That the Board of Supervisors of the City and County of San
2
3 Francisco hereby approve the lease between the Parking Authority of the City and
4 County of San Francisco ("Parking Authority"), as landlord, and Azad H. Nejad, et al, as
5 tenant, for Moscone Center Garage commercial space nos. 6 & 7, located at 247-249
6 Third Street, San Francisco, California. Said lease shall be in a form approved by the
7 City Attorney. A draft copy of this lease is on file in the office of the Clerk of the Board
8 of Supervisors in File No. 000073; and be it
9

10 FURTHER RESOLVED, That this lease shall commence on or about March 1,
11 \$2000 and expire on February 28, 2005. The initial base rent of \$2,250 per month, for the
12 1,000 square feet of rentable area, shall be adjusted annually for any increase in the
13 Consumer Price Index. Tenant shall pay for all utilities and services provided to the
14 premises and shall have an option to extend the term an additional five term.
15
16

17 RECOMMENDED:
18
19

20 _____
21 Director, Parking Authority
22
23

24 _____
25 Director of Property
(Real Estate)

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

Item 7 - File 00-0073

Department: Parking Authority
Real Estate Department

Item: Resolution approving a new commercial lease for Space Nos. 6 and 7 at the Moscone Center Garage.

Location: Moscone Center Garage, Spaces No. 6 and 7, located at 247-249 Third Street

Lessor: Parking Authority of the City and County of San Francisco

Lessee: Azad H. Nejad, et. al.

Purpose of Lease: Operation of a copy, mail/shipping and Internet link center

No. of Square Feet and Cost Per Month Payable by Azad H. Nejad to the City: 1,000 square feet at \$2,250 per month (\$2.25 per square foot per month) or \$27,000 annually. These lease costs would be adjusted annually for any increase in the Consumer Price Index (CPI).

Term of Lease: Commencing on or about March 1, 2000 and extending for five years, or through February 28, 2005.

Right of Renewal: One additional five-year term.

Utilities, Janitor and Tenant Improvements: Tenant shall pay for all utilities and services to the premises, including all tenant improvements. Tenant will receive a rent credit for installation of a floor covering within the premises estimated to cost up to a maximum of \$3,000.

Description: In 1986, the Board of Supervisors authorized the Director of Property to negotiate leases of commercial space at the Moscone Center Garage, instead of requiring that such leases be competitively bid in order to provide better control

BOARD OF SUPERVISORS
BUDGET ANALYST

of the tenant mix. However, on June 1, 1999, the Parking Authority authorized the Director of Property to solicit Request for Proposals (RFPs) for the subject vacant commercial Space Nos. 6 and 7 of the Moscone Center Garage (Resolution No. 116-PA). Mr. Gerald Romani of the Real Estate Department advises that the RFP for the subject space was advertised in the San Francisco Independent newspaper for two days and the Real Estate Department placed a For Lease sign in the storefront window in the Moscone Center Garage for at least four months between May through September of 1999. In response, Mr. Romani reports that the Real Estate Department received several inquiries, but only one written proposal for the subject space, which is the subject of the proposed resolution.

The proposed resolution would approve a new lease between the Parking Authority and Azad Nejad, et. al. for use of the commercial spaces numbered 6 and 7 in the Moscone Center Garage, located at 247-249 Third Street, between Folsom and Howard Streets.

Comments:

1. According to Mr. Romani, the Visitors and Convention Bureau's accounting staff was previously located in the subject Space No. 6 and 7 at a rate of \$1,308 per month (approximately \$1.31 per square foot for 1,000 square feet), or \$15,696 annually. Mr. Romani advises that the Visitors and Convention Bureau staff vacated the subject space in April of 1998 in order to consolidate their offices. Although the subject space has been vacant for approximately 20 months, this new lease of \$27,000 annually will result in \$11,304 more annually than the previous lease of \$15,696 annually, an increase of 72 percent. According to Mr. Romani, the proposed rent falls within the acceptable range of fair market rents for the subject property. Mr. Romani states that the reason the space has been vacant for approximately 20 months is because after no responses were initially received for renting the space, the Parking Authority contracted with the Bureau of Building Repair to remove the

Memo to Finance and Labor Committee
February 9, 2000 Finance and Labor Committee Meeting

old carpeting, repair the walls and repaint the space at a cost of approximately \$4,700, which delayed the ability to show the subject property.

2. Mr. Romani advises that there was probably only one formal response to the proposed RFP because of the location of the subject property. Although the official address is listed as 247-249 Third Street, Mr. Romani notes that the actual location is in a walkway between Third Street and Hawthorne Lane, which does not receive much foot traffic, as shown in the crosshatched area of the Attachment, provided by the Real Estate Department. According to Mr. Romani, there are currently plans to install signage on Third Street identifying the businesses that are located within the Moscone Center Garage.

3. According to Mr. Ron Szeto of the Parking Authority, the \$27,000 of annual income from the proposed lease revenues would be deposited into the City's General Fund.

4. The last line of the proposed resolution currently reads "...have an option to extend the term an additional five term". The Budget Analyst notes that the proposed resolution should be amended to clarify the last line of the text to insert the word "year" before the last word "term", so that the option would be to "extend the term an additional five-year term".

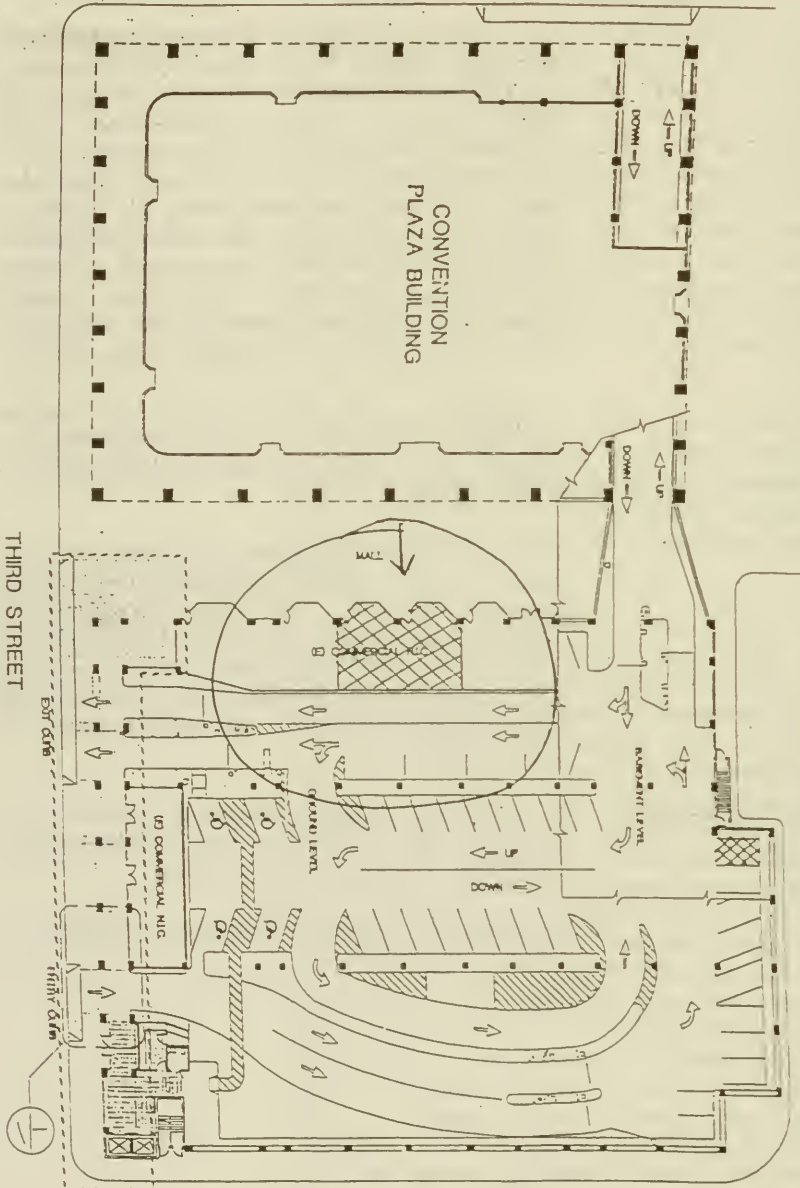
Recommendations:

1. Amend the proposed resolution to insert the word "year" as the second to last word on the last line of text in the proposed resolution.
2. Approve the proposed resolution, as amended.

HOWARD STREET

HAWTHORNE LANE

CLEMENTINA STREET



SITE PLAN

1/32" = 1'-0"

TRUE N PROJECT MARK

F/L

City and County of San Francisco



Real Estate Division
Administrative Services Department

January 11, 2000

Proposed Commercial Lease
Moscone Center Garage
Tenant: Azad H. Nejad, et al

CO JIM 11 2000

Through William L. Lee
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
San Francisco, CA 94102

000073

Dear Board Members:

We recommend approval of the attached proposed resolution authorizing a new lease between the Parking Authority of the City and County of San Francisco, as landlord, and Azad Nejad, et al, as tenant, for commercial space nos. 6 & 7 within the Moscone Center Garage (the "Garage"), located at 247-249 Third Street between Folsom and Howard Streets. The premises will be used for the operation of a copy, mail/shipping and Internet link center.

Through the passage of Ordinance No. 254-86, the Board of Supervisors gave the Real Estate Department the ability to negotiate leases of commercial space at the Garage instead of competitively bidding such leases. In accordance with said ordinance and the authorization of the Parking Authority Commission by adoption of Resolution No. 116-99-PA, the Real Estate Department advertised for a Request for Proposals in the San Francisco Independent. Several inquiries were made; however, Mr. Nejad submitted the only written proposal. The Parking Authority Commission approved the lease terms and conditions by adopting Resolution No. 101-00-PA on January 4, 2000.

The proposed lease, of approximately 1,000 rentable square feet, has an initial base rent of \$2,250 per month with annual adjustments for any increase in the Consumer Price Index. The tenant is responsible for payment of all utilities and services provided to the premises along with all tenant improvements made to such premises. The tenant will receive a rent credit for installation of a floor covering within the premises. The term of lease is five years with an estimated commencement date of March 1, 2000. The tenant has an option to extend the lease for an additional five term.

Sincerely,

Anthony J. DeLucchi
Director of Property

cc: Bob Davis, Parking Authority
Ron Szeto, Parking Authority

MOSCONE CENTER GARAGE
COMMERCIAL LEASE

between

PARKING AUTHORITY OF THE
CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

AZAD H. NEJAD and AZADEH ASLAN-NEJAD,
dba _____
as Tenant

For the lease of

Commercial Space Nos. 6 & 7
247-249 Third Street
San Francisco, California 94103

March 1, 2000

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- EXHIBIT A -- Floor Plan
- EXHIBIT B -- Notice of Commencement Date
- EXHIBIT C -- Tenant's Plans and Specifications

MOSCONE CENTER GARAGE
COMMERCIAL LEASE

THIS COMMERCIAL LEASE (this "Lease"), dated for reference purposes only as of , is between the PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic ("Authority" or "Landlord"), created by the City and County of San Francisco (the "City") pursuant to the laws of the State of California, and AZAD H. NEJAD AND AZADEH ASLAN-NEJAN, dba _____, a California corporation ("Tenant").

Authority and Tenant hereby covenant and agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	November 14, 1999
Landlord:	PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic
Tenant:	AZAD H. NEJAD and AZADEH ASLAN- NEJAD, dba _____ and permitted successors and assigns.
Building (Section 2.1):	Moscone Center Garage 255 Third Street San Francisco, California
Premises (Section 2.1):	Ground floor commercial space nos. 6 & 7 located at 247-249 Third Street, San Francisco, California, as depicted on the plan attached as <u>Exhibit A</u> .
Rentable Area of Premises (Section 2.1):	Approximately 1,000 square feet
Term (Section 3.1):	Estimated commencement date: March 1, 2000;

Base Rent (Section 4.1):

Expiration date: February 28, 2005

Annual Base Rent: \$ 27,000

(\$ 2.25 per sq. ft.)

Monthly payments: \$ 2,250

Rent Adjustment Dates (Section 4.2):

On each anniversary of the Commencement Date during the Term and the Extension Term, the current rent will be adjusted for any CPI increase; rent for the first year of the Extension Term will be the then Prevailing Market Rate.

Use (Section 5.1):

Copy, mail/shipping and Internet link center

Tenant Improvements (Section 6.1):

With the exception of the installation of a standard commercial vinyl or carpet floor covering, for which Tenant will receive a rent credit, Tenant shall be responsible for the installation of any Tenant Improvements as well as the cost.

Utilities and Services (Section 10.1):

Tenant is responsible for the cost of all utilities and services provided to the Premises.

Security Deposit (Section 22):

\$5,000

Notice Address of Authority(Section 26.1):

Real Estate Department
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Fax No.: (415) 552-9216

with a copy to:

Parking Authority
25 Van Ness Avenue, Suite 410
San Francisco, California 94102
Attn: Director, Parking Authority
Fax No. (415) 554-9834

and to:

Office of the City Attorney
City Hall, Room 234

1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Donnell Choy
Deputy City Attorney
Fax No.: (415) 554-4736

Key Contact for Authority: Jerry Romani

Telephone No.: (415) 554-9876

Alternate Contact for Authority: Steven Lee

Telephone No.: (415) 554-9869

Address for Tenant (Section 26.1): 247 Third Street, San Francisco, CA 94103
Fax No.: _____

Key Contact for Tenant: Azad H. Nejad

Telephone No.: _____

Alternate Contact for Tenant: Azadeh Aslan-Nejad

Telephone No.: _____

Brokers (Section 26.8): None

Other Noteworthy Provisions: _____

2. PREMISES; AS IS CONDITION

2.1. Lease Premises

Subject to the provisions of this Lease, Authority leases to Tenant and Tenant leases from Authority those premises in the building identified in the Basic Lease Information (the "Building") and shown on the floor plan(s) attached hereto as Exhibit A-1 (crosshatched area)

and Exhibit A-2. (the "Premises"). The rentable area of the Premises specified in the Basic Lease Information shall be conclusive for all purposes hereof. The Building, land upon which the Building is located and all other improvements on and appurtenances to such land are referred to collectively as the "Property." Tenant shall have the non-exclusive right to use, together with other tenants in the Building, the restrooms located in the northwest corner of the Building. Tenant shall have the right to use one reserved parking stall on the basement level of the Moscone Center Garage as shown on Exhibit A-3 (crosshatched area).

2.2. As Is Condition

TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LEASED AND ACCEPTED IN THEIR "AS IS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. TENANT REPRESENTS AND WARRANTS TO AUTHORITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT'S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE. TENANT HAS DETERMINED, BASED SOLELY ON ITS OWN INVESTIGATION, THAT THE PREMISES ARE SUITABLE FOR TENANT'S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER AUTHORITY NOR ANY OF ITS AGENTS HAVE MADE, AND AUTHORITY HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR TENANT'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3. TERM

3.1. Lease Term

The Premises are leased for a term (the "Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), or such earlier date upon which Authority delivers and Tenant accepts possession of the Premises, subject to the provisions of Section 3.3 (Delay in Delivery of Possession) and Section 3.4 (Delays Caused by Tenant), below. The Term of this Lease shall end on the expiration date specified in the Basic Lease Information, unless sooner terminated pursuant to the provisions of this Lease. This Lease is subject to the Extension Option set forth in Section 25.1 (Option to Extend Term). Authority shall deliver the Premises to Tenant on the Commencement Date in their then existing as is condition as further provided above, with no obligation of the Authority to make any improvements, repairs or alterations.

3.2. Confirmation of Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly following the Commencement Date Tenant shall deliver to Authority a notice substantially in the form attached hereto as Exhibit B, confirming the actual Commencement Date, but Tenant's failure to do so shall not affect the commencement of the Term.

3.3. Delay in Delivery of Possession

If Authority is unable to deliver possession of the Premises to Tenant on or before the Estimated Commencement Date, then the validity of this Lease shall not be affected thereby and Authority shall not be liable to Tenant for any Claims (as defined in Section 18 below) resulting therefrom, and Tenant waives all provisions of any laws to the contrary. In such case, the Term and regular payments of Base Rent and Additional Charges shall not commence until Authority delivers possession of the Premises. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions hereof.

3.4. Delays Caused by Tenant

Notwithstanding anything to the contrary above, if Authority's inability to deliver possession of the Premises on the Estimated Commencement Date results from Tenant's or its Agents' acts or omissions, then Base Rent and Additional Charges payable by Tenant hereunder shall commence on the date when Landlord would have delivered possession of the Premises but for such acts or omissions.

4. RENT

4.1. Base Rent

Throughout the Term beginning on the Commencement Date, Tenant shall pay to Authority the annual Base Rent specified in the Basic Lease Information, provided that such sum shall be subject to escalation pursuant to Section 4.2 (Adjustments in Base Rent) (the "Base Rent"). The Base Rent shall be paid to Authority in advance, without prior demand and without any deduction, setoff or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of the Term and on or before the first day of each month thereafter. All sums payable by Tenant to Authority hereunder shall be paid in cash or by good check to the City and County of San Francisco in care of the Director of Property at the primary address for Authority specified in the Basic Lease Information, or such other place as Authority may designate in writing. If Tenant pays by check and such check is not honored, then Authority may require Tenant to make all future payments in cash or by cashier's check. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant shall pay to Authority the Base Rent for the first full month.

4.2. Adjustments in Base Rent

On each date specified in the Basic Lease Information for adjustment of the Base Rent (an "Adjustment Date"), the Base Rent payable under this Lease shall be adjusted as follows:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than the monthly Base Rent in effect immediately prior to the Adjustment Date.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.3. Additional Charges

Tenant shall pay to Authority any and all charges and other amounts required under this Lease as additional rent (collectively, "Additional Charges"). All such Additional Charges shall be payable to Authority at the same place and the same manner as the Base Rent is payable. Authority shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. As used in this Lease, the term "Rent" shall include the Base Rent, Additional Charges and any other amounts Tenant is obligated to pay hereunder, whether or not any such amounts are specifically characterized as rent.

4.4. Late Charges

If Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Authority and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Authority will incur as a result of any such failure by Tenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Authority for its damages resulting from such failure to pay and shall be paid to Authority together with such unpaid amount.

4.5. Default Interest

Any Rent, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

5. USE

5.1. Permitted Use

Tenant shall use and continuously occupy the Premises during the Term solely for the use as may be specified in the Basic Lease Information, and for no other purpose.

5.2. No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Tenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building or on or about the Property.

6. TENANT IMPROVEMENTS

6.1. Tenant Improvement Work

Tenant shall not make or permit any construction and installation of tenant improvements in the Premises (such work is referred to as the "Tenant Improvement Work" or "Tenant Improvements") without Authority's prior written consent, which consent may be withheld in Authority's sole and absolute discretion. All Tenant Improvements permitted hereunder shall be done, at Tenant's expense, in accordance with plans and specifications approved by Authority, only by duly licensed and bonded contractors or mechanics approved by Authority, and subject to any conditions that Authority may reasonably impose. Tenant shall receive a rent credit for the installation of a vinyl floor covering or a commercial grade carpet, which credit shall be applied to the first rental payment following such installation and acceptance by Authority.

7. ALTERATIONS

7.1. Tenant's Alterations

Tenant shall not make or permit any alterations to the Building or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other

mechanical, electrical, communications systems of the Building ("Building Systems"), and shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, "Alterations"), in, to or about the Premises, without Authority's prior written consent in each instance. All Alterations shall be done at Tenant's expense in accordance with plans and specifications approved by Authority, only by duly licensed and bonded contractors or mechanics approved by Authority, and subject to any conditions that Authority may reasonably impose. With respect to any Alterations which would be visible from the exterior of the Building, Authority may require Tenant, at Tenant's expense, to obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. If the cost of any Alterations is in excess of Five Thousand Dollars (\$5,000), then Tenant shall pay to Authority an administrative fee equal to ten percent (10%) of the total "hard" costs of the work to compensate Authority for the costs of review.

7.2. Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Tenant Improvements and any Alterations, shall be and remain Authority's property. Tenant may not remove any such property at any time during or after the Term unless Authority so requests as further provided in Section 23 (Surrender), below.

7.3. Tenant's Personal Property

All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to Authority, and that can be removed without structural or other damage to the Premises (collectively, "Tenant's Personal Property") shall be and remain Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 23 (Surrender of Premises), below. Tenant shall pay any taxes or other impositions levied or assessed upon Tenant's Personal Property, at least ten (10) days prior to delinquency, and shall deliver satisfactory evidence of such payment to Authority upon request.

7.4. Authority's Alterations of the Building and Building Systems

Authority reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Building or the Building Systems, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the uses permitted hereunder.

8. REPAIRS AND MAINTENANCE

8.1. Authority's Repairs

Authority shall repair and maintain the structural portions of the Building, including the Building Systems, the elevators and the common areas; provided, however, Tenant shall

reimburse Authority for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents or Invitees (as such terms are defined in Section 26.5 (Parties and their Agents), below). For the purpose of making any such repairs, Authority may use structures in the Premises where reasonably required by the character of the work to be performed, provided that such work shall not block the main entrance to the Premises nor unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby.

8.2. Tenant's Repairs

Tenant shall maintain, at no expense to Authority, the Premises (including, without limitation, the floors, interior plumbing, electrical wiring, fixtures and equipment) in good repair and working order and in a clean, secure, safe and sanitary condition. Tenant shall promptly make all repairs and replacements: (a) at no cost to the Authority, (b) by licensed contractors or qualified mechanics approved by Authority, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (e) in accordance with all applicable laws and regulations. If the cost of any such repairs or replacements is in excess of Five Thousand Dollars (\$5,000) and is due to acts or omissions of Tenant, its Agents or Invitees, then Tenant shall pay to Authority an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. Tenant hereby waives all rights to make repairs at its expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

9. LIENS AND ENCUMBRANCES

9.1. Liens

Tenant shall keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished or obligations incurred by or for Tenant. In the event Tenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Authority shall have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Authority and all expenses incurred by it in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Authority by Tenant upon demand. Authority shall have the right to post on the Premises any notices that Authority may deem proper for the protection of City, the Premises, and the Building, from mechanics' and materialmen's liens. Tenant shall give to Authority at least fifteen (15) days' prior written notice of commencement of any Alteration, repair or construction on the Premises. Tenant agrees to indemnify, defend and hold Authority and its Agents harmless from and against any claims for mechanic's, materialmen's or other liens in connection with any Alterations, repairs or construction on the Premises, or materials furnished or obligations incurred by or for Tenant.

9.2. Encumbrances

Tenant shall not create, permit or suffer any liens or encumbrances affecting any portion of the Premises, the Property or Authority's interest therein or under this Lease.

10. UTILITIES AND SERVICES

10.1. Utilities and Services

Electrical power has been installed in the Premises and water and telephone are available. Tenant has inspected the Premises and acknowledges the amount of electrical power supplied to the Premises is sufficient for Tenant's intended use. Tenant, at its cost, shall be responsible for the installation of other utilities in the Premises and shall pay the entire cost of all utilities and other services provided to the Premises.

10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on Authority or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or in the event Authority is required or elects to make alterations to any part of the Building in order to comply with such mandatory or voluntary controls or guidelines, such compliance and the making of such alterations shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Base Rent and Additional Charges reserved hereunder or to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Tenant.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1. Compliance with Laws

Tenant shall promptly comply, at no cost to the Authority, with all present or future laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority relating to the Premises or the use or occupancy thereof (the "Legal Requirements") and with any and all recorded covenants, conditions and restrictions affecting the Property or any portion thereof, whether in effect at the time of the execution of this Lease or adopted or recorded at any time thereafter and whether or not within the present contemplation of the parties. Tenant further understands and agrees that it is Tenant's obligation, at no cost to the Authority, to cause the Premises and Tenant's uses thereof to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C.A. §§ 12101 et seq. Any Alteration made by or on behalf of Tenant pursuant to the provisions of this Section shall comply with the provisions of Section 8.2 (Tenant's Repairs), above. The parties acknowledge and agree that Tenant's obligation to comply with all Laws as provided herein is a material part of the bargained for consideration under this Lease. Tenant's obligation under this Section shall include, without limitation, the responsibility of Tenant to make substantial or structural repairs and Alterations to the Premises (including any of the Tenant Improvements or any of Tenant's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the

length of the then remaining Term hereof, the relative benefit of the repairs to Tenant or Authority, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Law involved, and whether the Law involved is related to Tenant's particular use of the Premises.

11.2. Regulatory Approvals

Tenant understands and agrees that Tenant's use of the Premises and construction of any Tenant Improvements permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies and the Parking Authority. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of Authority under this Lease. Tenant shall bear all costs associated with applying for and obtaining with any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Property or Authority's intent therein must first be approved by Authority in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and Authority shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify Authority and the other Indemnified Parties (as defined below) hereunder against all Claims (as defined below) arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval.

11.3. Compliance with City's Risk Management Requirements

Tenant shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase rates under a standard form fire insurance policy or subject Authority to potential premises liability. Tenant shall faithfully observe, at no cost to the Authority, any and all requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises, so long as such requirements do not unreasonably interfere with Tenant's use of the Premises or are otherwise connected with standard prudent commercial practices of other landlords.

12. SUBORDINATION

This Lease is and shall be subordinate to any reciprocal easement agreement, ground lease, facilities lease or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements and extensions of any of the foregoing, that may now exist or hereafter be executed by Authority affecting the Property, or any part thereof, or Authority's interest therein, without the necessity of executing any instrument to effectuate such subordination; provided, however, upon Landlord's request, Tenant, or Tenant's successor-in-interest, shall execute and deliver any and all instruments desired by Landlord evidencing such subordination in the manner requested by Landlord. Notwithstanding the foregoing, Authority or the holder shall, in its respective discretion, have the right to subordinate any such interests to this Lease. If any ground lease or underlying lease terminates for any

reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to the successor-in-interest to Authority, at the option of such successor-in-interest. The provisions of this Section shall be self-operative and no further instrument shall be required. Tenant agrees, however, to execute and deliver, upon demand by Authority and in the form requested by Authority, any additional documents evidencing the priority or subordination of this Lease.

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, shall entitle Tenant to any abatement or diminution of Rent or relieve Tenant from any of its obligations under this Lease. If Authority is unable to perform or is delayed in performing any of Authority's obligations under this Lease, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond Authority's reasonable control, no such inability or delay shall constitute an eviction under this Lease, or impose any liability upon Authority or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Tenant hereby waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

14. DAMAGE AND DESTRUCTION

14.1. Damage and Destruction

If the Premises or the Building is damaged by fire or other casualty, then Authority shall repair the same provided that funds for such repairs are appropriated by City's Board of Supervisors, in its sole discretion, for such purpose and that such repairs can be made within two hundred ten (210) days after the date of such damage (the "Repair Period"). In the event such conditions are satisfied, this Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of Base Rent and Additional Charges during the period of such repairs based upon the extent to which such damage and the making of such repairs materially interferes with Tenant's use or occupancy of the Premises.

Authority shall use its best efforts to notify Tenant within ninety (90) days after the date of such damage whether or not such repairs can be made within the Repair Period, and Authority's determination thereof shall be binding on Tenant. If such repairs cannot be made within the Repair Period, Authority shall have the option to notify Tenant of: (a) Authority's intention to repair such damage and diligently prosecute such repairs to completion within a reasonable period after the Repair Period, subject to the Board of Supervisor's appropriation of all necessary funds, in which event this Lease shall continue in full force and effect and the Base Rent and Additional Charges shall be reduced as provided herein; or (b) Authority's election to terminate this Lease as of a date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Authority. In case of termination, the Base Rent and Additional Charges shall be reduced as provided above, and Tenant shall pay such reduced Base Rent and Additional Charges up to the date of termination.

If at any time during the last twelve (12) months of the Term of this Lease, the Premises or the Building is damaged or destroyed, then either Authority or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Tenant may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for the uses permitted hereunder. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice.

Notwithstanding anything to the contrary in this Lease, Authority shall have no obligation to repair the Premises or the Building in the event the damage or destruction is attributable to any act or omission of Tenant, its Agents or Invitees. In no event shall Authority be required to repair any damage to Tenant's Personal Property or any paneling, decorations, railings, floor coverings, or any Tenant Improvements or Alterations installed or made on the Premises by or at the expense of Tenant. In the event the Premises or the Building is substantially damaged or destroyed and Authority intends to rebuild for public purposes inconsistent with this Lease, Authority may terminate this Lease upon written notice to Tenant.

14.2. Waiver

Authority and Tenant intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, Authority and Tenant each hereby waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4 and Sections 1941 and 1942, of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect.

15. EMINENT DOMAIN

15.1. Definitions

(a) "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

(b) "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date on which Tenant is dispossessed.

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

15.2. General

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. Authority and Tenant intend that the provisions hereof govern fully in the event of a

Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.10, 1265.40, 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

15.3. Total Taking; Automatic Termination

If there is a total Taking of the Premises, then this Lease shall terminate as of the Date of Taking.

15.4. Partial Taking; Election to Terminate.

(a) If there is a Taking of any portion (but less than all) of the Premises, then this Lease shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises untenable or unsuitable for continued use by Tenant, (B) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but Authority is unwilling or unable to cure such condition, and (C) Tenant elects to terminate; or (ii) if Authority elects to terminate; provided, however, that this Lease shall not terminate if Tenant agrees to, and does, pay full Rent and Additional Charges, without abatement, and otherwise agrees to, and does, fully perform all of its obligations hereunder.

(b) If there is a partial Taking of a substantial portion of the Building but not the Premises, Authority shall have the right to terminate this Lease in its entirety.

(c) Either party electing to terminate under the provisions of this Section 15 shall do so by giving the other party written notice to the other party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

15.5. Rent; Award

Upon termination of this Lease pursuant to an election under Section 15.4 above, then: (i) Tenant's obligation to pay Rent shall continue up until the date of termination, and thereafter shall cease, except that Rent shall be reduced as provided in Section 15.6 below for any period during which this Lease continues in effect after the Date of Taking, and (ii) Authority shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease), and Tenant shall have no claim against Authority or the value of any unexpired term of this Lease, provided that Tenant may make a separate claim for compensation, and Tenant shall receive any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's Personal Property.

15.6. Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 15.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Base Rent shall be

reduced by an amount that is in the same ratio to the Base Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking; provided, however, in no event shall the monthly Base Rent be reduced to less than seventy-five percent (75%) of the monthly Base Rent immediately prior to the Date of Taking, and (b) Authority shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease), and Tenant shall have no claim against Authority for the value of any unexpired term of this Lease, provided that Tenant may make a separate claim for compensation, and Tenant shall receive any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's Personal Property.

15.7. Temporary Takings

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this Lease shall remain unaffected thereby, and Tenant shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, Tenant shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by Tenant for the period of the Taking, and Authority shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

16.1. Restriction on Assignment and Subletting

Tenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an "Assignment"), or permit or license any portion of the Premises to be used or occupied by anyone other than itself, or sublet any portion of the Premises (collectively, "Sublease"), without Authority's prior written consent in each instance, as provided hereinbelow.

16.2. Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, it shall give written notice (a "Notice of Proposed Transfer") to Authority of its intention to do so. The Notice of Proposed Transfer shall identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant shall deliver to Landlord with its request for Landlord's consent the proposed Assignment or Sublease and current financial statements of the proposed Transferee, prepared by an independent certified public accountant, and promptly upon Landlord's request for same, any additional documents or information reasonably related to the proposed transaction or Transferee.

16.3. Authority's Response

Within twenty (20) business days after Authority's receipt of the Notice of Proposed Transfer (the "Response Period"), Authority may elect, by written notice to Tenant, to:

- (a) sublease the portion of the Premises specified in the Notice of Proposed Transfer on the terms and conditions set forth in such notice, except as otherwise provided in Section 16.4 (Sublease or Recapture Space), or
- (b) terminate this Lease as to the portion (including all) of the Premises that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Base Rent (a "Recapture").

If Authority declines to exercise either of its options provided above, then Tenant shall have ninety (90) days following the earlier of (i) Authority's notice that it will not elect either such option or (ii) the expiration of the Response Period, to enter into such Assignment or Sublease, subject to Authority's prior written approval of the proposed assignee or subtenant (collectively, Transferee") and the terms and conditions of the proposed Sublease or Assignment. However, fifty percent (50%) of any rent or other consideration realized by Tenant under any such Assignment or Sublease in excess of the Base Rent and Additional Charges payable hereunder (or the amount thereof proportionate to the portion of the Premises subject to such Sublease or Recapture) shall be paid to Authority, after Tenant has recovered any reasonable brokers' commissions and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with such Sublease or Recapture. Tenant shall provide Authority with such information regarding the proposed Transferee and the Assignment or Sublease as Authority may reasonably request. Authority agrees that it will not unreasonably withhold its approval of any proposed Transferee.

If after Authority declines to exercise any of the foregoing options Tenant desires to enter into such Assignment or Sublease (i) on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or (ii) with a Transferee that is currently a tenant or other occupant of the Building, then Tenant shall give Authority a new Notice of Proposed Transfer, which notice shall state the terms and conditions of such Assignment or Sublease and identify the proposed Transferee, and Authority shall again be entitled to elect one of the options provided in clauses (a) and (b) at any time within twenty (20) business days after Authority's receipt of such new Notice of Proposed Transfer.

In the event Authority elects either of the options provided in clauses (a) or (b), Authority shall be entitled to enter into a lease, sublease or assignment agreement with respect to the Premises (or portion thereof specified in such new Notice of Proposed Transfer) with the proposed Transferee identified in Tenant's notice.

Notwithstanding the foregoing, if any event of default by Tenant is outstanding hereunder at the time of Tenant's Notice of Proposed Transfer (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Authority may elect by notice to Tenant to refuse to consent to Tenant's proposed Transfer and pursue any of its right or remedies hereunder or at law or in equity.

16.4. Sublease or Recapture Space

If Authority elects to Sublease or Recapture from Tenant as described in Section 16.3, Authority's Response, the following shall apply:

(a) In the case of a Sublease, (i) Authority shall have the right to use the portion of the Premises covered by the Notice of Proposed Transfer (the "Sublease Space") for any legal purpose, (ii) the rent payable by Authority to Tenant shall be the lesser of (A) the amount in the Notice of Proposed Transfer or (B) the Base Rent payable by Tenant under this Lease at the time of the Sublease (or the amount thereof proportionate to the Sublease Space if for less than the entire Premises), (iii) Authority may make alterations and improvements to the Sublease Space and may remove any such alterations or improvements, in whole or in part, prior to or upon the expiration of the Sublease, provided that Authority shall repair any damage or injury to the Sublease Space caused by such removal, (iv) Authority shall have the right to further sublease or assign the Sublease Space to any party, without the consent of Tenant, and (v) Tenant shall pay to Authority on demand any costs incurred by Authority in physically separating the Sublease Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable laws or regulations relating to such separation.

(b) In the case of Recapture, (i) the portion of the Premises subject to the Recapture (the "Recapture Space") shall be deleted from the Premises for all purposes hereunder, and Tenant and Authority shall be relieved of all their rights and obligations hereunder with respect to the Recapture Space except to the extent the same would survive the Expiration Date or other termination of this Lease pursuant to the provisions hereof, and (ii) Authority shall pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable governmental laws or regulations relating to such separation.

16.5. Effect of Sublease or Assignment

No Sublease or Assignment by Tenant nor any consent by Authority thereto shall relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section shall be void and, at Authority's option, shall constitute a material default by Tenant under this Lease. The acceptance of any Base Rent or other payments by Authority from a proposed Transferee shall not constitute consent to such Sublease or Assignment by Authority or recognition of any Transferee, or a waiver by Authority of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublet, whether in violation of or in compliance with this Section, in the event of default by any Transferee, or any successor of Tenant, in the performance or observance of any of the terms of this Lease or any Sublease or Assignment agreement, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee or successor.

16.6. Assumption by Transferee

Each Transferee (other than Authority) shall assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of the Base Rent and

Additional Charges, and for the performance of all the terms, covenants and conditions to be performed on Tenant's part hereunder. No Assignment shall be binding on Authority unless Tenant or Transferee has delivered to Authority a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by such Transferee satisfactory in form and substance to Authority. However, the failure or refusal of such Transferee to execute such instrument of assumption shall not release such Transferee from its liability as set forth above. Tenant shall reimburse Authority on demand for any reasonable costs that may be incurred by Authority in connection with any proposed Sublease or Assignment, including, without limitation, the costs of making investigations as to the acceptability of the proposed Transferee and legal costs incurred in connection with the granting of any requested consent.

16.7. Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant shall cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant shall Indemnify Authority for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

17. DEFAULT; REMEDIES

17.1. Events of Default

Any of the following shall constitute an event of default (the "Event of Default") by Tenant hereunder:

(a) a failure to pay Base Rent or Additional Charges when due, and such failure continues for three (3) days after the date of written notice by Authority. However, Authority shall not be required to provide such notice more than twice during any twelve (12) month period, and any such failure by Tenant after Tenant has received two (2) such notices in such 12-month period shall constitute a default by Tenant hereunder without any further action by Authority or opportunity of Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) a failure to comply with any other covenant, condition or representation made under this Lease and such failure continues for fifteen (15) days after the date of written notice by Authority, provided that if such default is not capable of cure within such 15-day period, Tenant shall have a reasonable period to complete such cure if Tenant promptly undertakes action to cure such default within such 15-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from Authority. Authority shall not be required to provide such notice more than twice in any twelve (12) month period with respect to any material non-monetary defaults and after the second notice in any calendar year, any subsequent failure by Tenant during such 12-month period shall constitute an Event of Default hereunder;

(c) a vacation or abandonment of the Premises for a continuous period in excess of five (5) business days; or

(d) an appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if any such receiver, assignment or action is not released, discharged, dismissed or vacated within sixty (60) days.

17.2. Remedies

Upon the occurrence of an Event of Default Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law or in equity:

(a) Landlord may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise at law, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

Upon such termination in writing of Tenant's right to possession of the Premises, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for such breach, including but not limited to the following:

- (i) The reasonable cost of recovering the Premises; plus
- (ii) The reasonable cost of removing Tenant's Alterations, trade fixtures and improvements; plus
- (iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Section 17.2(b) below, together with interest at the Interest Rate, on such sums from the date such rent is due and payable until the date of the award of damages; plus
- (iv) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by Landlord, from the date of termination until the date of the award of damages, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on such sums from the date such rent is due and payable until the date of the award of damages; plus

(v) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by Landlord, for the remainder of the then term, after the date of the award of damages exceeds the amount such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve bank of San Francisco for member banks at the time of the award plus one percent (1%); plus

(vi) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law, including without limitation any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom.

(b) Landlord has the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including, but not limited to, the right to recover rent as it becomes due. After the occurrence of an Event of Default, Landlord may enter the Premises without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for such term (which may be a period beyond the remaining term of this Lease), at such rents and on such other terms and conditions as Landlord deems advisable. In the event of any such subletting, rents received by Landlord from such subletting shall be applied (i) first, to the payment of the costs of maintaining, preserving, altering and preparing the Premises for subletting, the other costs of subletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property, trade fixtures and Alterations; (ii) second, to the payment of rent then due and payable hereunder; (iii) third, to the payment of future rent as the same may become due and payable hereunder; (iv) fourth, the balance, if any, shall be paid to Tenant upon (but not before) expiration of the term of this Lease. If the rents received by Landlord from such subletting, after application as provided above, are insufficient in any month to pay the rent due and payable hereunder for such month, Tenant shall pay such deficiency to Landlord monthly upon demand. Notwithstanding any such subletting for Tenant's account without termination, Landlord may at any time thereafter, by written notice to Tenant, elect to terminate this Lease by virtue of a previous Event of Default.

During the continuance of an Event of Default, for so long as Landlord does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the options granted to Landlord thereunder, Landlord shall not unreasonably withhold its consent to an assignment or sublease of Tenant's interest in the Premises or in this Lease.

(c) During the continuance of an Event of Default, Landlord may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations and trade fixtures from the Premises and store them at Tenant's risk and expense. If Landlord removes such property from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of such removal and storage after written demand therefore and/or to

pay any rent then due, then after the property has been stored for a period of thirty (30) days or more Landlord may sell such property at public or private sale, in the manner and at such times and places as Landlord deems commercially reasonable following reasonable notice to Tenant of the time and place of such sale. The proceeds of any such sale shall be applied first to the payment of the expenses for removal and storage of the property, the preparation for and the conducting of such sale, and for attorneys' fees and other legal expenses incurred by Landlord in connection therewith, and the balance shall be applied as provided in Section 17.2(b) above.

Tenant hereby waives all claims for damages that may be caused by Landlord's re-entering and taking possession of the Premises or removing and storing Tenant's Personal Property pursuant to this Section 17.2, and Tenant shall indemnify, defend and hold Landlord harmless from and against any and all Claims resulting from any such act. No re-entry by Landlord shall constitute or be construed as a forcible entry by Landlord.

(d) Landlord may require Tenant to remove any and all Alterations from the Premises or, if Tenant fails to do so within ten (10) days after Landlord's request, Landlord may do so at Tenant's expense.

(e) Landlord may cure the Event of Default at Tenant's expense, it being understood that such performance shall not waive or cure the subject Event of Default. If Landlord pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse Landlord upon demand for the amount of such payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until Landlord is reimbursed by Tenant. Any amount due Landlord under this subsection shall constitute additional rent hereunder.

17.3. Waiver of Redemption

Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future Legal Requirement to redeem the premises or to continue this Lease after being dispossessed or ejected from the Premises.

17.4. Authority's Right to Cure Tenant's Defaults

If Tenant defaults in the performance of any of its obligations under this Lease, then Authority may, at its sole option, remedy such default for Tenant's account and at Tenant's expense by providing Tenant with three (3) days' prior written or oral notice of Authority's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by Authority). Such action by Authority shall not be construed as a waiver of such default or any rights or remedies of Authority, and nothing herein shall imply any duty of Authority to do any act that Tenant is obligated to perform. Tenant shall pay to Authority upon demand, as additional rent, all costs, damages, expenses or liabilities incurred by Authority, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Tenant's obligations under this Section shall survive the termination of this Lease.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1. Limitation on Authority's Liability; Waiver of Claims

Authority shall not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases Authority and its Agents from all Claims (as defined below) for, any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (i) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises, (ii) theft, (iii) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (iv) stopped, leaking or defective Building Systems, (v) Building defects, and (vi) any other acts, omissions or causes. Nothing in this Section shall relieve Authority from liability caused solely and directly by the gross negligence or willful misconduct of Authority or its Agents, but Authority shall not be liable under any circumstances for any consequential, incidental or punitive damages.

18.2. Tenant's Indemnity

Tenant, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") Authority including, but not limited to, all of its boards, commissions, departments, agencies and other subdivisions, including, without limitation, its Parking Authority, and all of its and their Agents, and their respective heirs, legal representatives, successors and assigns (individually and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, including, without limitation, employees of Tenant, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; (b) any default by Tenant in the observation or performance of any of the terms, covenants or conditions of this Lease to be observed or performed on Tenant's part; (c) the use or occupancy or manner of use or occupancy of the Premises by Tenant, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Tenant on the Premises whether before or during the Term of this Lease; or (f) any acts, omissions or negligence of Tenant, its Agents or Invitees, in, on or about the Premises or the Property; all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Lease and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Authority from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by Authority and continues at all times thereafter. Tenant's obligations under this Section shall survive the termination of the Lease.

19. INSURANCE

19.1. Tenant's Insurance

(a) Tenant, at no cost to the Authority, shall procure and keep in effect at all times during the Term insurance as follows:

(i) Comprehensive or commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, sudden and accidental pollution, broad-form property damage, fire damage legal liability (of not less than Two Hundred Fifty Thousand Dollars (\$250,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU).

(ii) Rental interruption insurance in the amount of twelve (12) months' Base Rent, naming the Parking Authority of the City and County of San Francisco as the insured.

(iii) Worker's Compensation Insurance with Employer's Liability Limits not less than \$1,000,000 each accident.

(iv) Comprehensive automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Tenant uses automobiles in connection with its use of the Premises.

(v) Such other insurance as is generally required by commercial owners on buildings similar in size, character, age and location as the Building, as may change from time to time.

(b) Should any of the required insurance be provided under a claims-made form, Tenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Lease, such claims shall be covered by such claims-made policies.

(c) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(d) All liability insurance policies shall be endorsed to provide the following:

(i) Name as additional insured the Parking Authority of the City and County of San Francisco, its officers, agents and employees.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Lease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such

policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any other insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(e) Each insurance policy required pursuant to Section 19.1(a) above shall be issued by an insurance company licensed in the State of California and with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide.

(f) All policies shall be endorsed to provide thirty (30) days' advance written notice to Authority of cancellation, non-renewal or reduction in coverage (or ten (10) days' advance written notice in case of nonpayment of premium), mailed to the address(es) for Authority set forth in the Basic Lease Information.

(g) Tenant shall deliver to Authority certificates of insurance in form and from insurers satisfactory to Authority, evidencing the coverage required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Authority's request, and Tenant shall provide Authority with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Authority may procure, at its option, without waiving any rights or remedies which Landlord may have for Tenant's default hereunder, the same for the account of Tenant, and the cost thereof shall be paid to Authority within five (5) days after delivery to Tenant of bills therefore.

(h) Upon Authority's request, Tenant and Authority shall periodically review the limits and types of insurance carried pursuant to this Section. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant for risks comparable to those associated with the Premises, then Tenant shall, at Authority's request, increase the amounts or coverage carried by Tenant to conform to such general commercial practice.

(i) Tenant's compliance with the provisions of this Section shall in no way relieve or decrease Tenant's liability under Section 18.2 (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

(j) Notwithstanding anything to the contrary in this Lease, if any of the required insurance coverage lapses, this Lease shall terminate upon three (3) days notice to Tenant, unless Tenant renews the insurance coverage within notice period.

19.2. Tenant's Personal Property

Tenant shall be responsible, at no cost to the Authority, for separately insuring Tenant's Personal Property.

19.3. Authority's Self Insurance

Tenant acknowledges that Authority self-insures against casualty, property damage and public liability risks and agrees that Authority may at its sole election, but shall not be required to, carry any third party insurance with respect to the Building, the Premises or otherwise.

19.4. Waiver of Subrogation

Notwithstanding anything to the contrary contained herein, Authority, in the event the Authority does not self-insure, and Tenant (each a "Waiving Party") each hereby waives any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Building or the contents, or any portion thereof, for any loss or damage sustained by such other party with respect to the Building or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent (i) such loss or damage is actually recovered from valid and collectible insurance covering the Waiving Party, and (ii) the Waiving Party's insurance carrier agrees to its written waiver of right to recover such loss or damage.

20. ACCESS BY AUTHORITY

Authority reserves for itself and any of its designated Agents, the right to enter the Premises as follows: (i) on a regular basis without advance notice to supply any necessary or agreed-upon service to be provided by Authority hereunder; (ii) on an occasional basis, at all reasonable times after giving Tenant reasonable advance written or oral notice, to show the Premises to prospective tenants or other interested parties, to post notices of non-responsibility, to conduct any environmental audit of Tenant's use of the Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; and (iii) on an emergency basis without notice whenever Authority believes that emergency access is required. Authority shall have the right to use any means that it deems proper to open doors in an emergency in order to obtain access to any part of the Premises, and any such entry shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Tenant shall not alter any lock or install any new or additional locking devices without the prior written consent of Authority. All locks installed in the Premises (excluding Tenant's vaults, safes or special security areas, if any, designated by Tenant in writing to Authority) shall be by keyed to the Building master key system, and Authority shall at all times have a key with which to unlock all such doors.

21. CERTIFICATES

(a) Tenant's Certificates

Tenant, at any time and from time to time upon not less than ten (10) days' prior notice from Authority, shall execute and deliver to Authority or to any party designated by Authority a certificate stating: (a) that Tenant has accepted the Premises, (b) the Commencement Date and Expiration Date of this Lease, (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the

enforcement of any of Tenant's obligations hereunder (and if so, specifying the same), (e) whether or not there are any defaults then existing under this Lease (and if so specifying the same), (f) the dates, if any, to which the Base Rent and Additional Charges have been paid, and (g) any other information that may be required.

(b) Authority's Certificates

Authority, at any time and from time to time upon not less than ten (10) days' prior notice from Tenant, shall execute and deliver to Tenant or to any party designated by Tenant a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) whether or not there are any defaults then existing under this Lease (and if so specifying the same), (d) the dates, if any, to which the Base Rent and Additional Charges have been paid, and (f) any other information that may be required.

22. SECURITY DEPOSIT

Upon execution of this Lease, Tenant shall deposit with Landlord the sum specified as the security deposit in the Basic Lease Information (the "Security Deposit"), payable by a cashier's check or certified check, to secure Tenant's faithful performance of all terms, covenants and conditions of this Lease. Tenant agrees that Authority may (but shall not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises caused by Tenant, its Agents or Invitees, or any failure of Tenant to perform any other terms, covenants or conditions contained herein, without waiving any of Authority's other rights and remedies hereunder or at law or in equity and without any obligation. Should Authority use any portion of the Security Deposit to cure any default by Tenant hereunder, Tenant shall immediately replenish the security deposit to the original amount. If the Base Rent is increased pursuant to any of the provisions of this Lease, Authority may require Tenant to increase the amount of the Security Deposit accordingly. Authority's obligations with respect to the Security Deposit are solely that of debtor and not trustee. Authority shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. The amount of the Security Deposit shall in no way limit the liabilities of Tenant under any provision of this Lease.

23. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of the Term of this Lease, Tenant shall peaceably quit and surrender to Authority the Premises together with the Tenant Improvements and all Alterations approved by Authority in good order and condition, except for normal wear and tear after Tenant having made the last necessary repair required on its part under this Lease, and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created by Authority. Immediately before the Expiration Date or other termination of this Lease, Tenant shall remove all of Tenant's Personal Property as provided in this Lease, and repair any damage resulting from the removal. If such removal is not completed at the expiration or other termination of this Lease, Landlord may remove the same at

Tenant's expense. Notwithstanding anything to the contrary in this Lease, Authority can elect at any time prior to the Expiration Date or within five (5) days after termination of this Lease, to require Tenant to remove, at Tenant's sole expense, all or part of the Leasehold Improvements, Alterations or other improvements or equipment constructed or installed by or at the expense of Tenant. Tenant shall promptly remove such items and shall repair, at no cost to the Authority, any damage to the Premises or the Building resulting from such removal, or if Tenant fails to repair, Landlord may do so, at Tenant's expense. Tenant's obligations under this Section shall survive the Expiration Date or other termination of this Lease. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at Authority's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law.

Concurrently with the surrender of the Premises, Tenant shall, if requested by Authority, execute, acknowledge and deliver to Authority a quitclaim deed to the Premises and any other instrument reasonably requested by Authority to evidence or otherwise effect the termination of Tenant's leasehold estate hereunder and to effect such transfer or vesting of title to the Tenant Improvements or other improvements or equipment which remain part of the Premises.

24. HAZARDOUS MATERIALS

24.1. Definitions

As used herein, the following terms shall have the meanings set forth below:

(a) "Environmental Laws" shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

(b) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

(c) "Investigate and Remediate" ("Investigation" and "Remediation") shall mean the undertaking of any activities to determine the nature and extent of Hazardous Material that may be located in, on, under or about the Property or that has been, are being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Material.

(d) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under or about any other part of the Property or into the environment.

24.2. No Hazardous Materials

Tenant covenants and agrees that neither Tenant nor any of its Agents or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use such substances in the Premises in such reasonably limited amounts as are customarily used for the use specified in the Basic Lease Information (such as general cleaning supplies, copy toner and other normal office [retail sales] supplies) so long as such storage and use are in compliance with all applicable Environmental Laws at all times. Tenant shall give immediate written notice to Authority of: (a) any action, proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management district or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building or Property relating to any loss of injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property has occurred that may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice pursuant to Section 25359.7 of the California Health and Safety Code.

24.3. Tenant's Environmental Indemnity

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents or Invitees, results in any Release of Hazardous Material in, on, under or about the Premises or any other part of the Property, then, without limiting Tenant's Indemnity contained in Section 18.2, Tenant shall, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, damages for decrease in value of the Premises or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises or the Property and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of this Lease and relating to such Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties imposed by regulatory agencies, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or any other part of the Property, Tenant shall immediately and at no expense to Authority take any and all appropriate actions to return the Premises or the Property affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant shall afford Authority a full opportunity to

participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

24.4. Survival of Obligation

Tenant's obligations under this Section 24 shall survive the Expiration Date or other termination of this Lease

25. SPECIAL PROVISIONS

25.1. Extension Option

(a) Option to Extend Term

Authority grants to Tenant a one-time option to extend the Term of this Lease as to the entire Premises only (the "Extension Option") for an additional five (5) years (the "Extension Term") commencing upon the Expiration Date upon the following terms and conditions. Tenant may exercise the Extension Option by providing written notice to Authority of its intent no sooner than three hundred sixty (360) days but not less than two hundred ten (210) days prior to the Expiration Date. Any such notice by Tenant shall be irrevocable by Tenant. If any event of default by Tenant is outstanding hereunder either at the time of Tenant's exercise of the Extension Option or at any time prior to the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Authority may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, whereupon the Extension Option shall be null and void. Authority shall also have the right to void Tenant's Extension Option if Tenant has assigned its interest hereunder or sublet more than fifty percent (50%) of the Premises.

(b) Base Rent and Other Terms

If Tenant elects to exercise the Extension Option, then the lease for the Extension Term shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Lease, except that Base Rent hereunder shall be adjusted to the Prevailing Market Rate as follows:

(i) No later than one hundred fifty (150) days prior to commencement of the Extension Term, Authority shall notify Tenant in writing of Authority's determination made in good faith of the Prevailing Market Rate for the Premises to be used to calculate the Base Rent for the Extension Term. As used herein, the term "Prevailing Market Rate" for the Premises shall mean the rental and all other monetary payments and escalations, including, without limitation, consumer price indexing, that Authority could obtain from a third party desiring to lease the Premises for the Extension Term taking into account the age of the Building, the size, location and floor levels of the Premises, the quality of construction of the Building and the Premises, the services provided under the terms of this Lease, the rental then being obtained for new leases of space comparable to the Premises in the locality of the Building, and all other factors that would be relevant to a third party desiring to lease the Premises for the Extension Term in determining the rental such party would be willing to pay therefore; provided, however,

no allowance for the construction of tenant improvements shall be taken into account in determining Prevailing Market Rate, except that there shall be a reasonable allowance for repainting and floor covering replacement of the Premises as determined by Authority.

(ii) Within fifteen (15) days after receipt of Authority's determination of the Prevailing Market Rate, Tenant shall notify Authority in writing either of (i) Tenant's acceptance of such determination, in which case such determination shall constitute the new Base Rent as of the commencement of the Extension Term, or (ii) Tenant's own good faith determination of the Prevailing Market Rate, including written justification for its determination.

(iii) If Tenant provides Authority with its determination of the Prevailing Market Rate pursuant to Section 25.1(b)(ii) above, then within thirty (30) days following Tenant's notice to Authority, the parties shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve in good faith any such disagreement as to the Prevailing Market Rate. The parties may, by an instrument in writing, mutually agree to extend such 45-day consultation period for a reasonably period to resolve their disagreement if the parties are negotiating in good faith and would be unable to resolve their differences within such 45-day period.

(iv) If within such consultation period Authority and Tenant cannot reach agreement as to the Prevailing Market Rate, then promptly after the end of such consultation period Authority and Tenant shall submit the matter to arbitration by a single appraiser in accordance with the following procedure.

(A) Appointment of Appraisers. Each party shall appoint one (1) appraiser within thirty (30) days after the final date for agreement on the Prevailing Market Rate in accordance with Section 25.1(b)(iii) above. Upon selecting its appraiser, each party shall promptly notify the other party in writing of the name of the appraiser selected. Each such appraiser shall be competent, licensed, qualified by training and experience in the City and County of San Francisco, and shall be a member in good standing of the Appraisal Institute and designated as a MAI, or, if the Appraisal Institute no longer exists, shall hold the senior professional designation awarded by the most prominent organization of appraisal professionals then awarding such professional designations. Each such MAI appraiser may have a prior working relationship with either or both of the parties, provided that such working relationship shall be disclosed to both parties. Without limiting the foregoing, each appraiser shall have at least ten (10) years' experience valuing commercial real estate in the City and County of San Francisco. If either party fails to appoint its appraiser within such 30-day period, the appraiser appointed by the other party shall individually determine the Prevailing Market Rate in accordance with the provisions hereof.

(B) Appraisal Instructions. Each appraiser will make an independent determination of the Prevailing Market Rate. The appraisers may share and have access to objective information in preparing their appraisals, but they will independently analyze the information their determination of the Prevailing Market Rate. Neither of the appraisers shall have access to the appraisal of the other (except for the sharing of objective information contained in such appraisals) until both of the appraisals are submitted in accordance with the provisions of this Section. Neither party shall communicate with the appraiser appointed by the

other party regarding the instructions contained in this Section before the appraisers complete their appraisals. If either appraiser has questions regarding the instructions in this Section or the interpretation of the Lease, such appraiser shall use his or her own professional judgment and shall make clear all assumptions upon which his or her professional conclusions are based, including any supplemental instructions or interpretative guidance received from the party appointing such appraiser. There shall not be any arbitration or adjudication of the instructions to the appraisers contained in this Section. Each appraiser shall complete, sign and submit its written appraisal setting forth the Prevailing Market Rate (to the nearest half percentage point) to the parties within thirty (30) days after the appointment of the last of such appraisers. If the higher appraised Prevailing Market Rate is not more than one hundred ten percent (110%) of the lower appraised Prevailing Market Rate, then the Prevailing Market Rate shall be the average of such two (2) Prevailing Market Rate figures (to the nearest half percentage point).

(C) "Baseball" Appraisal. If the higher appraised Prevailing Market Rate is more than one hundred ten percent (110%) of the lower appraised Prevailing Market Rate, then the first two appraisers shall agree upon and appoint an independent third appraiser within thirty (30) days after both of the first two (2) appraisals have been submitted to the parties, in accordance with the following procedure. The third appraiser shall have the minimum qualifications as required of an appraiser pursuant to paragraph (i) above, and shall also have experience acting as an third appraiser of disputes involving commercial real estate or real estate development opportunities, including ground leases and rental valuation. The two appraisers shall inform the parties of their appointment at or before the end of such 30-day appointment period. Each party shall have the opportunity to question the proposed third appraiser, in writing only, as to his or her qualifications, experience, past working relationships with the parties, and any other matters relevant to the appraisal set forth in the Lease. Either party may, by written notice to the other party and the two appraisers, raise a good faith objection to the selection of the third appraiser based on his or her failure to meet the requirements of this Section. In such event, if the two appraisers determine that the objection was made in good faith, the two appraisers shall promptly select another third appraiser, subject again to the same process for the raising of objections. If neither party raises a good faith objection to the appointment of the third appraiser within ten (10) days after notice of his or her appointment is given, each such party shall be deemed to have waived any issues or questions relating to the qualifications or independence of the third appraiser or any other matter relating to the selection of the third appraiser under the Lease. If for any reason the two appraisers do not appoint such third appraiser within such 30-day period (or within a reasonable period thereafter not to exceed twenty (20) days in the event a good faith objection is made as provided above), then either party may apply to the Writs and Receivers Department of the Superior Court of the State of California in and for the County of San Francisco for appointment of an third appraiser meeting the foregoing qualifications. If the court denies or otherwise refuses to act upon such application within sixty (60) days from the date on which the party first applies to the Court for appointment of the third appraiser, either party may apply to the American Arbitration Association, or any similar provider of professional commercial arbitration services, for appointment in accordance with the rules and procedures of such organization of an independent third appraiser meeting the foregoing qualifications.

Such third appraiser shall consider the appraisals submitted by the first two appraisers as well as any other relevant written evidence which the third appraiser may

request of either or both of the first two appraisers. If either of the first two appraisers shall submit any such evidence to such third appraiser, it shall do so only at the request of the third appraiser and shall deliver a complete and accurate copy to the other party and the appraiser such party selected, at the same time it submits the same to the third appraiser. Neither party, and neither of the appraisers they appoint, shall conduct any *ex parte* communications with the third appraiser regarding the subject matter of the appraisal. Within thirty (30) days after his or her appointment, the third appraiser shall select the appraised Prevailing Market Rate determined by one or the other of the first two (2) appraisers that is the closer, in the opinion of the third appraiser, to the actual Prevailing Market Rate. The determination of the third appraiser shall be limited solely to the issue of deciding which of the appraisals of the two appraisers is closest to the actual Prevailing Market Rate. The third appraiser shall have no right to propose a middle ground or to modify either of the two appraisals, or any provision of the Lease.

(D) Conclusive Determination. Except as provided in California Code of Civil Procedure Section 1286.2 (as the same may be amended from time to time), the determination of the Prevailing Market Rate by the accepted appraisal shall be conclusive, final and binding on the parties. Neither of the first two (2) appraisers nor the third appraiser shall have any power to modify any of the provisions of the Lease and must base their decision on the definitions, standards, assumptions, instructions and other provisions contained in the Lease. Subject to the provisions of this Section, the parties will cooperate to provide all appropriate information to the appraisers and the third appraiser. The appraisers (but not the third appraiser) can utilize the services of special experts, including experts to determine such things as property condition, market rates, leasing commissions, renovation costs and similar matters. The appraisers and the third appraiser will each produce their determination in writing, supported by the reasons for the determination.

(E) Fees and Costs; Waiver. Each party shall bear the fees, costs and expenses of the appraiser it selects under Section 25.1(b)(iv)(A) and of any experts and consultants used by that appraiser. The fees, costs and expenses of the third appraiser under Section 25.1(b)(iv)(C) shall be shared equally by Landlord and Tenant. Each party waives any claims against the appraiser appointed by the other party, and against the third appraiser, for negligence, malpractice or similar claims in the performance of the appraisals or arbitration contemplated by this Section.

If, either by agreement of the parties or by the arbitration procedure provided herein, the Prevailing Market Rate is not finally determined by the commencement of the Extension Term, then Tenant shall pay the Prevailing Market Rate determined by Landlord until such time as the Prevailing Market Rate is finally determined by agreement of the parties or by the appraisal procedure set forth in this Section, at which time Authority shall refund any excess amount to Tenant or Tenant shall pay any shortage to Authority, as the case may be. No such delay in the determination of Prevailing Market Rate shall be deemed to constitute a waiver by either party of the adjustment of Prevailing Market Rate as provided in this Section.

26. GENERAL PROVISIONS

26.1. Notices

Any notice given under this Lease shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant (i) at Tenant's address set forth in the Basic Lease Information, if sent prior to Tenant's taking possession of the Premises, or (ii) at the Premises if sent on or subsequent to Tenant's taking possession of the Premises, or (iii) at any place where Tenant or any Agent of Tenant may be found if sent subsequent to Tenant's vacating, abandoning or surrendering the Premises; or (b) Authority at Authority's address set forth in the Basic Lease Information; or (c) to such other address as either Authority or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telephone number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile. Tenant shall promptly provide Authority with copies of any and all notices received regarding any alleged violation of laws or insurance requirements or any alleged unsafe condition or practice.

26.2. No Implied Waiver

No failure by Authority to insist upon the strict performance of any obligation of Tenant under this Lease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial Base Rent or Additional Charges during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Authority, shall constitute a waiver of such breach or of Authority's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. Any consent by Authority hereunder shall not relieve Tenant of any obligation to secure the consent of Authority in any other or future instance under the terms of this Lease.

26.3. Amendments

Neither this Lease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by both parties hereto. Whenever an amendment, waiver, notice, or other instrument or document is to be executed by or on behalf of Authority, the Director of Property of the City, or his or her designee, shall be authorized to

execute such instrument on behalf of Authority, except as otherwise provided by applicable law, including City's Charter.

26.4. Authority

If Tenant signs as a corporation or a partnership, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has and is qualified to do business in California, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon Authority's request, Tenant shall provide Authority with evidence reasonably satisfactory to Authority confirming the foregoing representations and warranties.

26.5. Parties and Their Agents; Approvals

The words "Authority", "City" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Tenant shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of Tenant. All approvals, consents or other determinations permitted or required by Authority hereunder shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to applicable law.

26.6. Interpretation of Lease

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

26.7. Successors and Assigns

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Authority and Tenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any sale, assignment or transfer by Authority named herein (or by any subsequent landlord) of its interest in the Building as owner

or lessee, including any transfer by operation of law, Authority(or any subsequent landlord) shall be relieved from all subsequent obligations and liabilities arising under this Lease subsequent to such sale, assignment or transfer.

26.8. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

26.9. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

26.10. Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California.

26.11. Entire Agreement

This instrument, including the exhibits hereto, which are made a part of this Lease, contains the entire agreement between the parties and all prior written or oral negotiations, understandings and agreements are merged herein. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease. Tenant hereby acknowledges that neither Authority nor Authority's Agents have made any representations or warranties with respect to the Premises, the Building or this Lease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

26.12. Attorneys' Fees

In the event that either Authority or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any

provision of this Lease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Lease, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

26.13. Holding Over

Any holding over after the expiration of the Term with the express consent of Authority shall be construed to automatically extend the Term of this Lease on a month-to-month basis at a Base Rent equal to one hundred fifty percent (150%) of the latest Base Rent payable by Tenant hereunder prior to such expiration, together with an amount estimated by Authority for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Any holding over without Authority's consent shall constitute a default by Tenant and entitle Authority to exercise any or all of its remedies as provided herein, notwithstanding that Authority may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of the Lease.

26.14. Time of Essence

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

26.15. Cumulative Remedies

All rights and remedies of either party hereto set forth in this Lease shall be cumulative, except as may otherwise be provided herein.

26.16. Survival of Indemnities

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof.

26.17. Signs

Tenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises, without Authority's prior written consent, which Authority may withhold or grant in its sole discretion.

26.18. Relationship of the Parties

Authority is not, and none of the provisions in this Lease shall be deemed to render Authority, a partner in Tenant's business, or joint venturer or member in any joint enterprise with Tenant. Neither party shall act as the agent of the other party in any respect hereunder. This Lease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided.

26.19. Light and Air

Tenant covenants and agrees that no diminution of light, air or view by any structure that may hereafter be erected (whether or not by Authority) shall entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any liability of Authority to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder.

26.20. No Recording

Tenant shall not record this Lease or any memorandum hereof in the public records.

26.21. Options Personal

Any right or option to extend the Term of this Lease or renew this Lease is personal to the original Tenant and may be exercised only by the original Tenant while occupying the Premises who does so without the intent of thereafter making any Assignment of this Lease or Subletting of the Premises, or any portion thereof, and may not be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than Tenant. The options, if any, herein granted to Tenant are not assignable separate and apart from this Lease, nor may any option be separated from this Lease in any manner, either by reservation or otherwise.

26.22. Public Transit Information

Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Building and encouraging use of such facilities, all at Tenant's sole expense.

26.23. Taxes, Assessments, Licenses, Permit Fees and Liens

(a) Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Tenant may be subject to the payment of property taxes levied on such interest. (b) Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the leasehold interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which shall be paid when the same become due and payable and before delinquency. (c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have

reasonable opportunity to contest the validity of the same. (d) San Francisco Administrative Code Sections 23.6-1 and 23.6-2 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the Authority to enable the Authority to comply with this requirement.

26.24. Non-Liability of Authority Officials, Employees and Agents

No elective or appointive board, commission, member, officer, employee or other Agent of Authority shall be personally liable to Tenant, its successors and assigns, in the event of any default or breach by Authority or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of Authority under this Agreement.

26.25. Wages and Working Conditions

With respect to the construction of the Tenant Improvements and any Alterations, any employee performing services for Tenant shall be paid not less than the highest prevailing rate of wages as required by Section A7.204 of the City and County of San Francisco Charter and Sections 6.33 through 6.45 of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall require any contractor to provide, and shall deliver to Authority every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of the Tenant Improvement Work or any Alterations on the Premises.

26.26. Non-Discrimination in Authority Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any Authority employee working with, or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

(b) Subleases and Other Subcontracts

Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other

subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Tenant does not as of the date of this Lease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Lease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form

As a condition to this Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (ii) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of Authority property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

26.27. No Relocation Assistance; Waiver of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue Authority, City, and their applicable departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Authority under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

26.28. Conflicts of Interest

Tenant states that it is familiar with the provisions of Section C8.105 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Tenant further certifies that it has made a complete disclosure to the Authority of all facts bearing on any possible interests, direct or indirect, which Tenant believes any officer or employee of the Authority presently has or will have in this Lease or in the performance thereof or in any portion of the profits thereof. Willful failure by Tenant to make such disclosure, if any, shall constitute grounds for the Authority's termination and cancellation of this Lease.

26.29. Charter Provisions

This Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

26.30. Drug-Free Workplace

Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on Authority premises. Tenant agrees that any violation of this prohibition by Tenant, its Agents or assigns shall be deemed a material breach of this Lease.]

26.31. Counterparts

This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

26.32. Effective Date

This Lease shall become effective on the date upon which (i) City's Board of Supervisors and the Mayor, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed and delivered by the parties hereto.

26.33. Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between Authority and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF THE PARKING AUTHORITY HAS AUTHORITY TO COMMIT THE PARKING AUTHORITY TO THIS LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF THE PARKING AUTHORITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID IF CITY'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE

DISCRETION. APPROVAL OF THIS LEASE BY ANY COMMISSIO OF THE PARKING
AUTHORITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL
BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING
OBLIGATIONS ON THE PARKING AUTHORITY.

Authority and Tenant have executed this Lease, in triplicate, as of the date first written above.

TENANT:

AZAD H. NEJAD and AZADEH ASLAN-
NEJAD, dba _____
a California corporation

By: _____

Its: _____

By: _____

Its: _____

LANDLORD:

PARKING AUTHORITY OF THE CITY AND
COUNTY OF SAN FRANCISCO,
a public body corporate and politic

Director, Parking Authority

RECOMMENDED:

Director of Property

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By _____
Deputy City Attorney

HOWARD STREET

CONVENTION
PLAZA BUILDING

DOWN

DOWN ↓

MALL

(E) ~~COMMERCIAL P.L.C.~~

BASEMENT LEVEL

GROUND LEVEL.

DOWN

(15) COMMERCIAL N.L.G.

THIRD STREET

உயர்வு

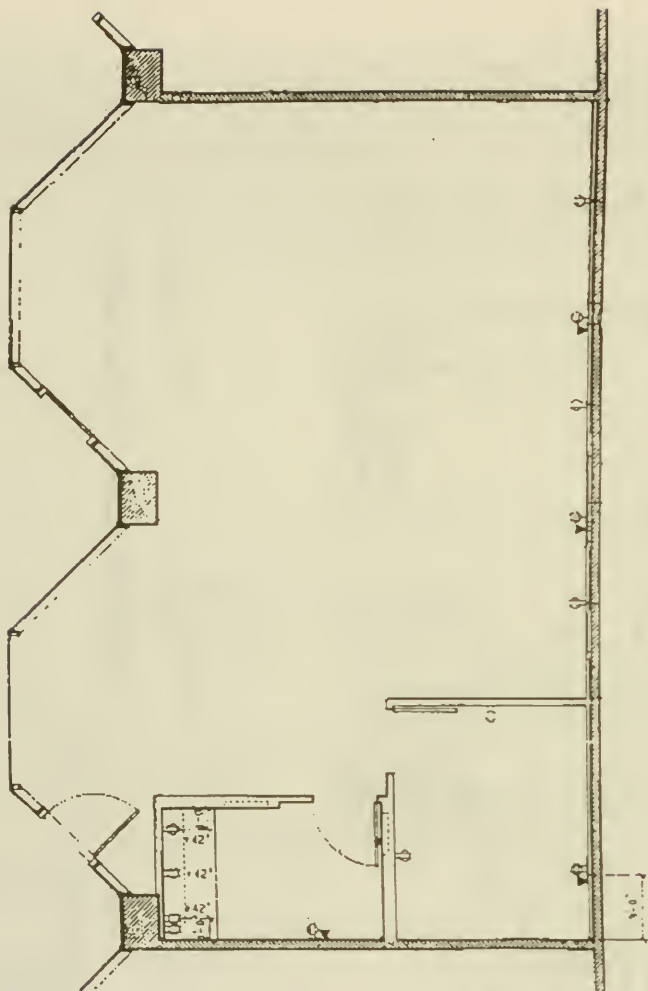
ENTHUSIAST

CLEMENTINA STREET

Exhibit A_1

SITE PLAN

TRUE N. PROJECT MORT



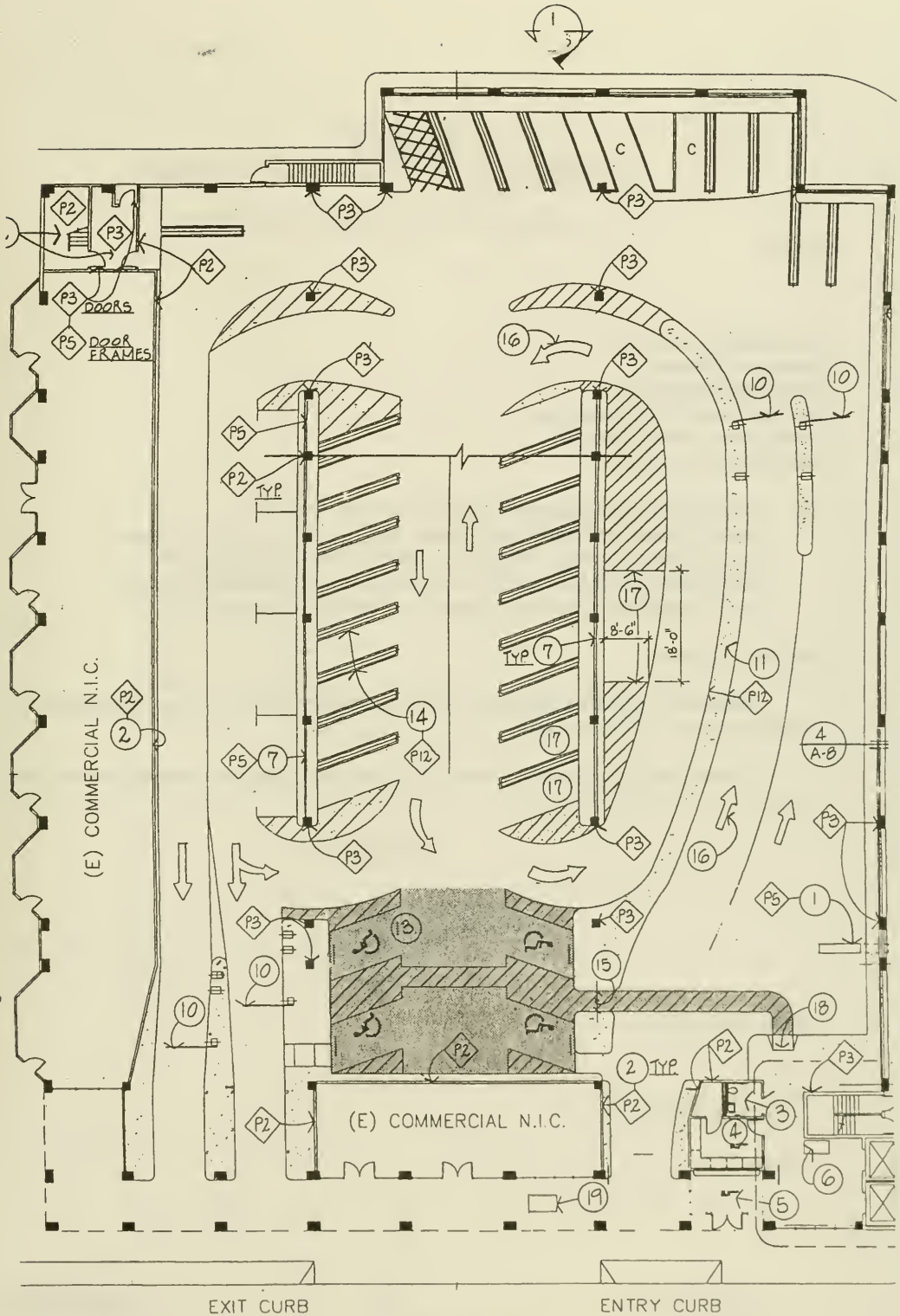


Exhibit A-3

EXHIBIT B

[Date]

Mr. Anthony J. DeLucchi
Director of Property
Real Estate Department
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: Acknowledgement of Commencement Date, Lease Between
Azad H. Nejad and Azadeh Aslan-Nejad, dba _____ (Tenant),
and the PARKING AUTHORITY OF THE CITY AND COUNTY OF
SAN FRANCISCO (Landlord), for premises known as commercial space nos.
6 & 7 located at 247-249 Third Street, San Francisco, California 94103.

Dear Mr. DeLucchi:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 2000.

Please acknowledge your acceptance of this letter by signing and returning a copy of this letter.

Very truly yours,

By _____
Title _____

Accepted and Agreed:

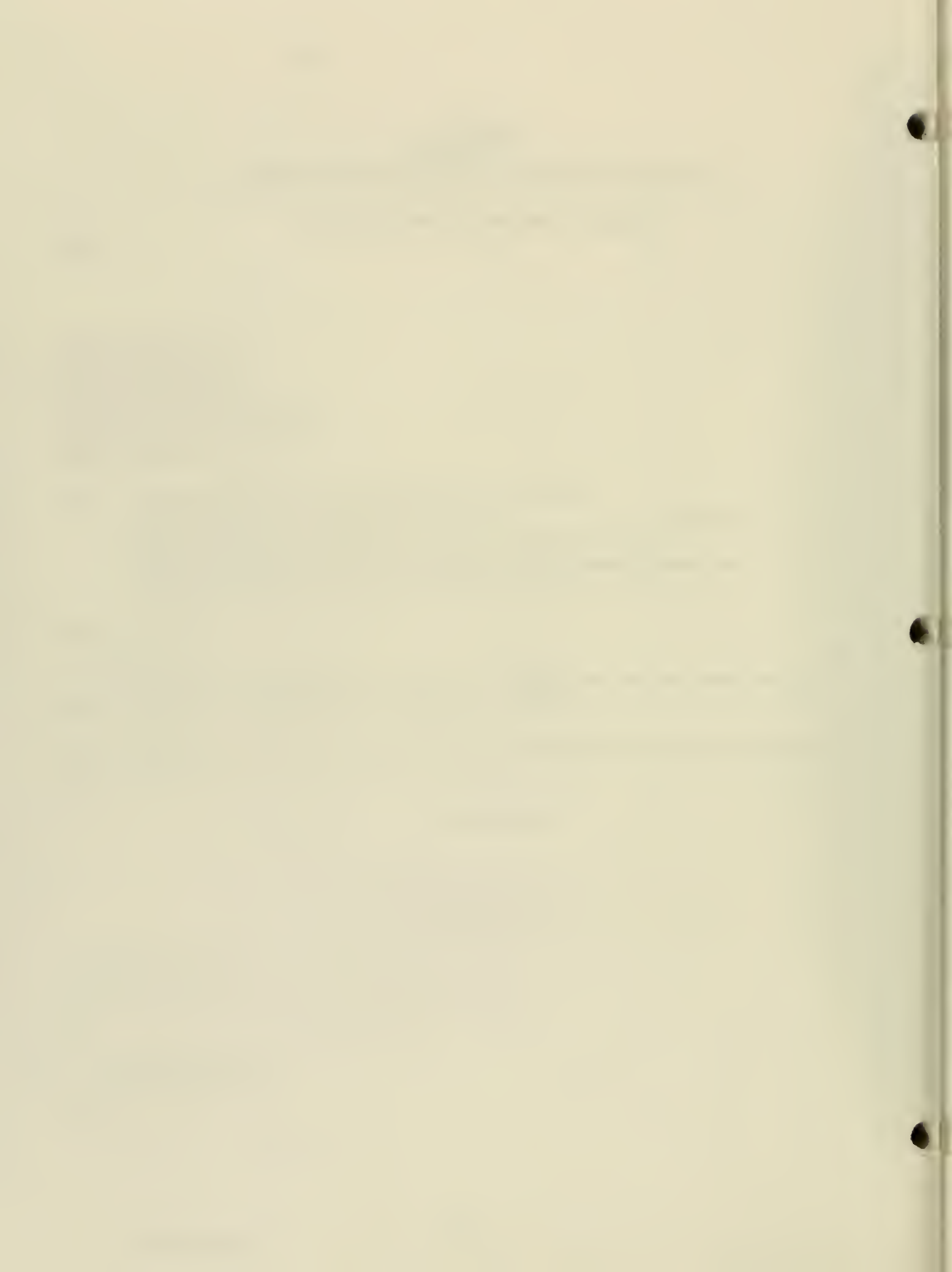
By: _____
Director of Property

Dated: _____

EXHIBIT C

APPROVED TENANT'S PLANS AND SPECIFICATIONS

TENANT TO PROVIDE COPY OF PLANS



File No. 000226

Committee Item No. 8

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation; |
| | | available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Introduction Form</u> |
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Late Agenda Items (documents received too late for distribution to the Committee Members)

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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

[illegible]

Item 8 - File 00-0226

Department: Department of Public Health (DPH) – Public Health and Community Health Network.

Item: This is a hearing to consider the following issues:

1. A review of the financial condition of the Department Public Health for FY 1999-2000, including projections of current year revenues, expenditures and required General Fund support;
2. Whether a supplemental appropriation will be needed by DPH for FY 1999-2000 due to revenue shortfalls and expenditures over budget and, if so, projections of the amount of such an appropriation;
3. The impact of the Department's financial condition on Public Health and Community Health Network programs, including a status report on the Department's hiring freeze, current staffing levels, planned or implemented reductions in service and delays in implementing planned programs. The discussion of the impact of DPH's financial condition should also include UCSF contracted programs at DPH facilities;
4. A review of progress implementing additional funding allocations made by the Board of Supervisors to the DPH for improvements to service in the Pharmacy, including proposed increases in staffing and capital improvements;
5. A review of San Francisco General Hospital's emergency room caseload and wait times since the recent closure of Mt. Zion's emergency room;
6. A review of capital and maintenance expenditures made during FY 1999-2000, the current condition of the physical plant at San Francisco General Hospital and the Community Health Network, and the Department's entire list of pending or proposed capital expenditures; and
7. Projections for DPH's FY 2000-2001 budget.

Description: 1. *Financial condition of the Department Public Health for Fiscal Year 1999-2000*

The Department of Public Health's six month Revenue and Expenditure report for Fiscal Year 1999-2000 is shown as Attachment 1 to this report. That report, which was presented to the Public Health Commission on February 1, 2000, provides a

projection of a year end deficit of \$15,435,508 for all Department of Public Health divisions, including San Francisco General Hospital (SFGH) and Laguna Honda Hospital (LHH) based on revenues and expenditures during the first six months of the Fiscal Year.

In summary, DPH is projecting a revenue shortfall of \$11,308,106 and expenditures exceeding budget of \$4,127,402 for a total overall projected budget deficit of \$15,435,508.

The table below provides (a) a summary of projected actual revenues and expenditures in comparison to budgeted revenues and expenditures, and (b) projected budget deficits for each division within the Department of Public Health.

**PROJECTED DEPARTMENT OF PUBLIC HEALTH FY 1999-2000
REVENUES AND EXPENDITURES**

	REVENUES			EXPENDITURES			
Division	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Projected Surplus/ (Deficit)
Community Health Network							
SFGH	\$ 455,196,591	\$ 445,908,184	\$ (9,288,407)	\$ 455,196,591	\$ 455,511,973	\$ (315,382)	\$ (9,603,789)
Laguna Honda	122,945,241	124,786,825	1,841,584	122,945,241	125,611,384	(2,666,143)	(824,559)
Primary Care	34,701,247	31,231,781	(3,469,466)	34,701,247	35,356,559	(655,312)	(4,124,778)
Health at Home	3,948,359	3,862,423	(85,936)	3,948,359	3,934,291	14,068	(71,868)
Forensics	<u>21,025,462</u>	<u>21,025,672</u>	<u>210</u>	<u>21,025,462</u>	<u>22,137,603</u>	<u>(1,112,141)</u>	<u>(1,111,931)</u>
Subtotal	\$ 637,816,900	\$ 626,814,885	\$ (11,002,015)	\$ 637,816,900	\$ 642,551,810	\$ (4,734,910)	\$ (15,736,925)
Public Health							
Central Admin	18,104,231	18,147,135	42,904	18,104,231	17,814,190	290,041	332,945
Community Health	54,508,107	54,995,653	487,546	54,508,107	54,162,326	345,781	833,327
Mental Health	139,855,591	138,655,591	(1,200,000)	139,855,591	140,312,046	(456,455)	(1,656,455)
Substance Abuse	<u>53,629,943</u>	<u>53,993,402</u>	<u>363,459</u>	<u>53,629,943</u>	<u>53,201,802</u>	<u>428,141</u>	<u>791,600</u>
Subtotal	\$ 266,097,872	\$ 265,791,781	\$ (306,091)	\$ 266,097,872	\$ 265,490,364	\$ 607,508	\$ 301,417
Total DPH	\$ 903,914,772	\$ 892,606,666	\$ (11,308,106)	\$ 903,914,772	\$ 908,042,174	\$ (4,127,402)	\$ (15,435,508)

As noted in Attachment 1, in response to the projected deficit for FY 1999-200, DPH staff are proposing a plan to reduce expenditures and recognize increased revenues totaling \$11,430,545. If approved, this plan will reduce the projected deficit to an estimated \$4,004,963 as of June 30, 2000, the end of the Fiscal Year. This

Memo to Finance Committee
February 9, 2000 Finance Committee Meeting

DPH plan is as follows according to Ms. Monique Zmuda, Chief Financial Officer of the DPH:

Additional revenues in the estimated amount of \$6,200,000 including:

- State Realignment revenue based on estimates provided by the Controller (\$2,000,000);
- SB90 revenues held in reserve by the Controller (\$3,800,000); and
- Medi-Cal revenues reimbursed for administrative activities (\$400,000).

Expenditure savings of approximately \$5,200,000 including:

- Personnel savings resulting from a freeze on vacant positions (\$1,300,000 in salaries and benefits);
- Materials and supplies savings (\$1,300,000);
- Contractual services savings from the delayed start up of new programs (\$1,200,000);
- Capital and equipment savings (\$300,000); and
- Other operating expenditure savings (\$1,100,000).

Attachment 1 also includes separate discussions of projected deficits and adjustments for each separate DPH division.

The table on the following page summarizes the DPH deficit reduction plan for each division.

**PROJECTED DEPARTMENT OF PUBLIC HEALTH FY 1999-2000
DEFICIT REDUCTION PLAN**

Division	Projected Surplus/ (Deficit)	Planned Increased Revenues	Planned Expenditure Reductions	Remaining Surplus/ (Deficit)
Community Health Network				
SFGH	\$ (9,603,789)	\$ 1,200,000	\$ 2,325,650	\$ (6,078,139)
Laguna Honda	(824,559)	-	824,559	-
Primary Care	(4,124,778)	400,000	521,895	(3,202,883)
Health at Home	(71,868)	-	71,868	-
Forensics	(1,111,931)	-	310,118	(801,813)
Subtotal	\$ (15,736,925)	\$ 1,600,000	\$4,054,090	\$ (10,082,835)
Public Health				
Central Admin	\$ 332,945	\$ -	\$ 400,000	\$ 732,945
Community Health	833,327	-	200,000	1,033,327
Mental Health	(1,656,455)	4,600,000	456,455	3,400,000
Substance Abuse	791,600	-	120,000	911,600
Subtotal	\$ 301,417	\$ 4,600,000	\$ 1,176,455	\$ 6,077,872
Total DPH	\$ (15,435,508)	\$ 6,200,000	\$ 5,230,545	\$ (4,004,963)

*2. A supplemental appropriation will likely be needed by
DPH for FY 1999-2000*

As noted above, the DPH's proposed deficit reduction plan will, if successful, reduce the overall DPH deficit for FY 1999-2000 to an estimated \$4,004,963. According to Ms. Zmuda, the actual FY 1999-2000 deficit could vary from that amount depending on other developments, primarily with respect to departmental revenues, that could change the deficit in either a positive or negative direction. Therefore, it is not anticipated that DPH will know what the final year end deficit projection will be until May of 2000 and a supplemental appropriation would be forwarded to the Board of Supervisors at that time unless the deficit has been eliminated entirely prior to May of 2000.

3. The impact of the Department's financial condition on Public Health and Community Health Network programs

Attachment 2 to this report is a memorandum from Dr. Mitchell H. Katz, Director of Health concerning the impact of the Department's financial condition on Public Health and Community Health Network programs, including a status report on the Department's hiring freeze, current staffing levels, planned or implemented reductions in service and delays in implementing planned programs. The memorandum notes that no emergency, acute services or chronic care services have been denied to patients in need of these services. Also, the DPH has imposed a selective hiring freeze in non-patient care areas and in administrative functions, according to Dr. Katz.

4. Review of progress implementing additional funding allocations made by the Board of Supervisors to the DPH for improvements to service in the Pharmacy at San Francisco General Hospital

Attachment 3, also provided by Dr. Katz, provides an update on the Outpatient Pharmacy at San Francisco General Hospital (SFGH), including wait times, staffing, enhancements to the Outpatient Pharmacy program, and the status of distribution of non-prescription drugs.

- The Pharmacy has not achieved its targeted goal of an average 2-hour wait time due to the increase in average daily volume of prescriptions from 1,150 prescriptions prior to August 1999, to 1,280 prescriptions since August. The current average wait time is 3 hours.
- Three of the four Pharmacy Technician positions for which additional funding was allocated in the FY 1999-2000 DPH budget have not been filled. Additionally, 2.5 Pharmacy Technician positions became vacant due to retirement in December of 1999, totaling 5.5 vacant Pharmacy Technician positions out of 27.5 total Pharmacy Technician positions. DPH is currently preparing a Civil Service examination and interview process for these positions.
- One of the two additional Pharmacist positions approved in the FY 1999-2000 DPH budget was filled in December of 1999. DPH

is continuing to actively recruit for the other new Pharmacist position.

- Interviews for additional Interpreters have been conducted and DPH is waiting for approval from the Department of Human Resources to make an employment offer.
- The Pharmacy has received and is testing an enhanced patient call-board located in the SFGH pharmacy to alert patients that their prescriptions are ready. Installation is scheduled immediately following completion of testing on or about the week of February 21, 2000. Additionally, the Pharmacy is interviewing vendors for installation of a telephone system to interface with the outpatient pharmacy computer system.
- In August of 1999, the Pharmacy changed the eligibility criteria for receiving prescriptions at no-cost (eliminating the \$2.00 per prescription co-payment) from patients with income levels up to and including 100 percent of the Federal Poverty Level to patients with income up to and including 200 percent of the Federal Poverty Level. The Federal Poverty Level annual income is \$11,064 annually for a household of two persons. Therefore, patients with incomes up to 200 percent of the Federal Poverty Level, or \$22,128 annually for a household of two persons, are now exempt from the \$2.00 per prescription co-payment.
- In January of 2000, San Francisco General Hospital's Pharmacy and Therapeutics Committee completed the list of non-prescription drugs that will be issued at no cost to patients and implemented the list on February 1, 2000. Some of these non-prescription drugs will be dispensed in the Health Clinics, decreasing the volume of the Outpatient Pharmacy.

5. Review of San Francisco General Hospital's Emergency Room (ER) caseload and wait times since the recent closure of Mt. Zion's emergency room

According to Ms. Zmuda, SFGH has not experienced a noticeable increase in ER utilization that is directly linked to the closure of Mt. Zion. Ms. Zmuda adds that the ER is seeing four to six additional visitors each day, but that small increase may be attributed to seasonal effects such as rain and cold weather or the incidence of influenza.

6. A review of capital and maintenance expenditures made during FY 1999-2000, the current condition of the physical plant at San Francisco General Hospital and the Community Health Network, and the Department's entire list of pending or proposed capital expenditures

Attachment 4 to this report provides a summary of DPH's approved Capital Improvement and Facilities Maintenance budget for FY 1999-2000 (totaling \$3,972,000) and the DPH request for FY 2000-2001 of \$5,050,000.

As noted previously, the DPH plan to reduce the current Fiscal Year 1999-2000 budget deficit includes estimated savings of \$300,000 from Capital Improvement Projects and equipment. According to Ms. Zmuda, the anticipated savings from Capital Improvement Projects will result from closing out completed project appropriations authorized prior to Fiscal Year 1999-2000.

Ms. Zmuda notes that the Capital Improvement and Facilities Maintenance budget request for FY 2000-2001 of \$5,050,000 is only a portion of the DPH total need of \$25,366,984 for such expenditures. The \$5,050,000 Capital Improvement and Facilities Maintenance budget request for FY 2000-2001 is a reduced amount intended to comply with the budget policy instruction of the Mayor's Office. DPH provides the following summary totals for high priority capital needs:

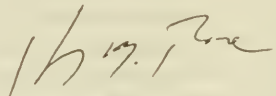
SFGH Capital Improvement Projects	\$13,916,300
SFGH Facilities Maintenance	505,000
SFGH Seismic Upgrade (State Mandated SB1953)	2,050,000
Laguna Honda Capital Facilities Maintenance	6,059,684
Primary Care Centers Capital Improvement Projects	2,347,000
Primary Care Centers Facilities Maintenance	429,000
Public Health Facilities Maintenance	<u>60,000</u>
Total	\$ 25,366,984

Memo to Finance Committee
February 9, 2000 Finance Committee Meeting

7. Projections for DPH's FY 2000-2001 budget

As of the writing of this report, DPH staff are preparing a proposed FY 2000-2001 budget for submission to the Health Commission on February 8, 2000. The Health Commission is scheduled to adopt a proposed budget for submission to the Mayor on February 15, 2000.

Ms. Zmuda has advised that DPH will provide the Finance and Labor Committee directly with such information on their proposed FY 2000-2001 budget at the Committee's meeting on February 9, 2000.



Harvey M. Rose

cc:	Supervisor Yee	Supervisor Yaki
	Supervisor Bierman	Clerk of the Board
	President Ammiano	Controller
	Supervisor Becerril	Legislative Analyst
	Supervisor Brown	Matthew Hymel
	Supervisor Katz	Stephen Kawa
	Supervisor Kaufman	Ted Lakey
	Supervisor Leno	
	Supervisor Newsom	
	Supervisor Teng	

City and County of San Francisco

Department of Public Health



February 1, 2000

MEMORANDUM

TO: President Roma Guy
and Honorable Members of the Health Commission

THROUGH: Mitchell Katz, M.D. *Mitchell Katz*
Director, Department of Public Health

FROM: Monique Zmuda *Monique Zmuda*
Chief Financial Officer

RE: Revenue and Expenditure Report – 2nd Quarter FY 1999-00

The Department of Public Health is projecting a year-end deficit of \$15.4 million for FY 99-00 based on expenditures and revenues for the second quarter ending December 31, 2000. Projections include revenue shortfalls of \$11.3 million and overexpenditures of \$4.1 million.

Reduction Plan

In response to the projected deficit for the current year, Department staff are proposing a \$11.4 million plan to reduce expenditures and increase revenues. If approved, this plan will reduce the projected deficit to \$4.0 million by fiscal year-end. The proposed reduction plan is as follows.

Additional revenues for:

- Realignment revenue based on estimates provided by the Controller;
- SB90 revenues held in reserve by the Controller; and
- Medi-Cal revenues reimbursed for administrative activities.

Expenditures include:

- Personnel savings resulting from a freeze on vacant positions;
- Materials and supplies savings;
- Contractual services savings from the delayed start up of new programs;
- Capital and equipment savings; and
- Other operating expenditure savings.

The attached table shows projected fiscal year revenues and expenditures by division with and without the reduction plan. A more detailed discussion of revenue and expense projections as well as the reduction plan are contained below.

Department of Public Health
FY 99-00 Revenue and Expense Projections
2nd Quarter

Division	REVENUES			EXPENDITURES			SUBTOTAL Surplus/ (Deficit)	Adjustment Surplus/ (Deficit)	TOTAL Surplus/ (Deficit)
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)			
Community Health Network									
SFGH	\$455,196,591	\$445,908,184	\$ (9,288,407)	\$455,196,591	\$455,511,973	\$ (315,382)	\$ (9,603,789)	\$ 3,525,650	\$ (6,078,139)
Laguna Honda	122,945,241	124,786,825	1,841,584	122,945,241	125,611,384	(2,666,143)	(824,559)	824,559	0
Primary Care	34,701,247	31,231,781	(3,469,466)	34,701,247	35,356,559	(655,312)	(4,124,778)	921,895	(3,202,883)
Health at Home	3,948,359	3,862,423	(85,936)	3,948,359	3,934,291	14,068	(71,868)	71,868	0
Forensics	21,025,462	21,025,672	210	21,025,462	22,137,603	(1,112,141)	(1,111,931)	310,118	(801,813)
Subtotal	637,816,500	626,814,885	(11,002,015)	637,816,500	642,551,810	(4,734,910)	(15,736,925)	5,654,090	(10,082,835)
Population Health & Prevention									
Central Admin	18,104,231	18,147,135	42,904	18,104,231	17,814,190	290,041	332,945	400,000	732,945
Community Health	54,508,107	54,995,653	487,546	54,508,107	54,162,326	345,781	833,327	200,000	1,033,327
Mental Health	139,855,591	138,655,591	(1,200,000)	139,855,591	140,312,046	(456,455)	(1,656,455)	5,056,455	3,400,000
Substance Abuse	53,629,943	53,993,402	363,459	53,629,943	53,201,802	428,141	791,600	120,000	911,600
Subtotal	266,097,872	265,791,781	(306,091)	266,097,872	265,490,364	607,508	301,417	6,776,455	6,077,872
Total DPII	903,914,772	892,606,666	(11,308,106)	903,914,772	908,042,174	(4,127,402)	(15,436,508)	11,430,545	(4,004,963)

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COMMUNITY HEALTH NETWORK

San Francisco General Hospital: Year-end projections show a shortfall of \$9,603,789.

Revenues are projected to be \$9,288,407 under budget due to:

- a \$900,000 deficit for Short Doyle Medi-Cal revenues due to lower than expected reimbursement for acute inpatient psychiatric services. The Short Doyle match is projected to be as budgeted (\$8.2 million);
- a \$6,895,284 deficit in Medi-Cal based on year-to-date actual revenues;
- a \$4,186,590 deficit in Medicare revenues primarily resulting from lower than expected reimbursement;
- a \$1,763,530 surplus in patient revenues primarily from additional capitation revenue (\$3.8 million) offset by lower than expected IHSS revenue. The IHSS revenue shortfall will be offset by an equivalent savings in work order expense;
- a \$929,937 surplus in miscellaneous revenues primarily due to higher than expected capitation fees.

Expenditures are projected to be over budget by \$315,382 due to:

- a \$2,192,327 deficit from salaries and fringe benefits based on year-to-date actual expense;
- a \$1,300,000 deficit in contractual services. This deficit is offset by an equivalent savings in materials and supplies and represents a transfer of expense between budget line items;
- a \$1,300,000 surplus in materials and supplies offset by an equivalent deficit in contractual services; and
- a \$1,876,945 surplus in workorders to other departments for lower than expected IHSS expense.

Plan to Address Deficit

The proposed plan to address the deficit at San Francisco General Hospital includes \$3.5 million in additional revenue and expenditure savings. This proposed plan will reduce the projected deficit to \$6.1 million. The proposed plan includes:

- \$1.2 million in additional Realignment revenues based on revised estimates from the Controller; and
- Reduction of \$2.3 million in operating costs, including materials and supplies, and contractual services.

Current projections for Medi-Cal SB 855 assume revenues of \$39 million. This is a \$5 million reduction from the \$44 million received last fiscal year. However, preliminary indications are that actual revenue received this fiscal year could be less than \$39 million. More details will be available in about a month. Department staff will keep the Health Commission informed of any significant revisions in SB855 revenue.

Laguna Honda Hospital: Year-end projections show a shortfall of \$824,559.

Revenues are projected to be \$1,841,584 over budget due to:

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- a \$4,137,816 surplus in Medi-Cal revenues primarily due to increased census and an increase in the SNF reimbursement rate of \$3.78 per day;
- a \$1,742,441 deficit in Medicare revenues primarily due to a shift in payor mix;
- a \$448,550 deficit in patient revenues due to an increased allowance for uncollectible accounts; and
- a \$105,241 deficit in other miscellaneous revenues primarily due to a decrease in cafeteria meal sales.

Expenditures are projected to be over budget by \$2,666,143 due to:

- a \$1,666,143 deficit from salaries and fringe benefits based on year-to-date actual expense;
- a \$500,000 deficit in materials and supplies primarily due to increased pharmaceutical expense; and
- a \$500,00 deficit in workorders to other departments for additional workers compensation expense.

Plan to Address Deficit

The proposed plan to address the deficit at Laguna Honda Hospital includes \$824,559 in additional revenue and expenditure savings. This proposed plan will reduce the projected deficit and balance the budget. The proposed plan includes:

- Increasing Medi-Cal and Medicare revenues by increasing billing of physician services, and assuming that State Medi-Cal rate increase for personnel can be applied to the current level of personnel expenditures; and
- Reducing use of temporary nursing time and overtime.

Primary Care: Year-end projections show a shortfall of \$4,124,778.

Revenues are projected to be \$3,469,466 under budget due to:

- a \$2,226,833 deficit in Medi-Cal revenues primarily from lower than expected FQHC revenues;
- a \$485,068 surplus in Medicare revenues due to higher than expected reimbursement;
- a \$858,486 deficit in Patient revenues based on year-to-date actual revenues;
- a \$319,503 surplus in miscellaneous revenues primarily from higher than expected capitation payments; and
- a \$1,188,718 shortfall in revenues associated with uncollectible accounts. This shortfall will reduce the actual revenues anticipated from accounts receivable in patient payments.

Expenditures are projected to be over budget by \$655,312 from salaries and fringe benefits based on year-to-date actual expense.

Plan to Address Deficit

The proposed plan to address the deficit in Primary Care includes \$921,895 in additional revenue and expenditure savings. This proposed plan will reduce the projected deficit to \$3.2 million.

The proposed plan includes

- Increasing Medi-Cal MAA/TCM revenues by \$400,000 for targeted case management and administrative activities; and

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- Reducing use of temporary nursing staff and overtime, and reducing other operating accounts for a total cost reduction of \$521,895.

Health at Home: Year-end projections show a shortfall of \$71,868.

Revenues are projected to be \$85,936 under budget due to:

- a \$76,278 surplus in Medi-Cal revenues based on year-to-date actual revenues;
- a \$169,253 deficit in Medicare revenues due to lower than expected reimbursement; and
- a \$7,039 surplus in Patient revenues based on year-to-date actual revenues.

Expenditures are projected to be under budget by \$14,068 due to:

- a \$14,394 surplus from salaries and fringe benefits based on year-to-date actual expense; and
- a \$326 deficit in materials and supplies.

Plan to Address Deficit

The proposed plan to address the deficit in the Health At Home program includes \$71,868 in reduced operating expenses. This proposed plan will bring the budget for Health At Home into balance, resulting in no surplus or deficit by fiscal year-end.

Forensics: Year-end projections show a shortfall of \$1,111,931.

Revenues are projected to be \$210 over budget due to additional miscellaneous revenues.

Expenditures are projected to be over budget by \$1,112,141 due to:

- a \$890,546 deficit from salaries and fringe benefits based on year-to-date actual expense; and
- a \$221,595 deficit in materials and supplies primarily from higher than expected pharmaceutical expense.

Plan to Address Deficit

The proposed plan to address the deficit in Forensics includes \$310,118 in expenditures savings. This proposed plan will reduce the projected deficit to \$801,813. The proposed plan includes:

- reducing use of temporary nursing and overtime accounts, and reducing operating accounts.

POPULATION HEALTH AND PREVENTION

Central Administration: Year-end projections show a surplus of \$332,945.

Revenues are projected to be \$42,904 over budget due to:

- a \$21,731 surplus in Medi-Cal revenues primarily from prior year settlement; and
- a \$21,173 surplus in miscellaneous revenues.

Expenditures are projected to be \$290,041 under budget due to a surplus from salaries and fringe benefits based on year-to-date actual expense.

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Plan to Address Deficit

The proposed plan to address the deficit includes additional expenditure savings of \$400,000 from contractual services. This will increase the projected surplus to \$732,945. Contractual services savings will be achieved through the deferral of MIS related funded activities and reduction in accounting and auditing services.

Community Health: Year-end projections show a surplus of \$833,327.

Revenues are projected to be \$487,546 over budget due to:

- a \$45,845 surplus in Medi-Cal revenues from miscellaneous Medi-Cal revenue and prior year MAA/TCM revenue;
- a \$34,661 surplus in Medicare revenues primarily from the TB clinic;
- a \$62,040 surplus in patient revenues; and
- a \$345,000 surplus in miscellaneous revenues primarily due to additional indirect cost revenue offset by lower than expected fee revenues from BEHM.

Expenditures are projected to be under budget by \$345,781 due to:

- a \$290,781 savings from salaries and fringe benefits based on year-to-date actual expense; and
- a \$55,000 surplus in contractual services primarily as a result of expenditure reductions to offset revenues shortfalls in BEHM.

Plan to Address Deficit

The proposed plan to address the deficit includes additional expenditure savings of \$200,000 from contractual services. This will increase the projected surplus to \$1,033,327. Contractual services savings will be achieved through the deferral or delay of contractual services in the areas of environmental health, maternal and child health, and disease control. Other operating accounts will also be reduced including materials and supplies and routine maintenance.

Mental Health: Year-end projections show a deficit of \$1,656,455.

Revenues are projected to be \$1,200,000 below budget due to:

- a \$1,000,000 deficit in Medicare revenues resulting from lower than expected reimbursement;
- a \$25,000 deficit in Patient revenues; and
- a \$175,000 deficit in miscellaneous revenues from lower than expected IHSS revenues that will be offset with reduced expenditures.

Expenditures are projected to be over budget by \$456,455 due to:

- a \$1,256,455 deficit in salary and fringe benefit benefits based on year-to-date actual expense; and
- a \$800,000 savings in contractual services from lower than expected IHSS expense.

Plan to Address Deficit

The proposed plan to address the deficit in mental health includes \$5.1 million in additional revenue and expenditure savings. This proposed plan will eliminate the projected deficit.

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resulting in a surplus of \$3.4 million. The proposed plan includes applying specific one time funding including:

- \$3.8 million in prior year SB90 revenue currently in a Controller's reserve;
- \$0.8 million in additional Realignment revenues based on revised estimates from the Controller; and
- \$456,455 reduction in operating expenses and contractual services. These savings will be achieved through the delay or deferral of new program initiatives. In addition, the current personnel freeze will continue.

Substance Abuse: Year-end projections show a surplus of \$791,600.

Revenues are projected to be \$363,459 over budget due to:

- a \$300,000 surplus Short Doyle Medi-Cal revenues that are higher than expected; and
- a \$63,459 surplus in miscellaneous revenues.

Expenditures are projected to be \$428,141 under budget due to:

- a \$128,141 of savings in salary and fringe benefits based on year-to-actual expense; and
- a \$300,000 savings in contractual services.

Plan to Address Deficit

The proposed plan to address the deficit includes additional expenditure savings of \$120,000 from contractual services. This will increase the projected surplus to \$911,600. Contractual service savings will be achieved through the delayed startup of new programs. This savings is one time.

Summary

At this time, the Department projects a \$4 million deficit if the reduction plan is implemented. It should be noted however, that during the year, additional funding issues may arise, either increasing or decreasing the reported estimate. Preliminary indications received last week suggest that SB855 Disproportionate Share funding may be significantly less than expected. However, detailed estimates will not be known for approximately a month. We will keep the Health Commission informed of revisions in SB855 revenue estimates.

The Department has discussed the estimated deficit with staff of the Controller and Mayor's Office. We propose to implement the reduction plan to minimize the deficit in the current year, and to monitor the revenues and expenditures carefully to determine if the estimates change. The Mayor and the Controller have agreed with the plan as presented, and have not asked the Department to implement service reductions at this time.

The Department, together with the Controller and the Mayor's staff will be developing nine month projections in May, which will determine whether additional General Fund will be required to balance the FY 99-00 budget.

City and County of San Francisco

Department of Public Health

Mitchell H. Katz, MD
Director of Health

MEMORANDUM

Date: February 3, 2000

To: Ken Bruce
Budget Analyst

From: Mitchell H. Katz, M.D.
Director of Health

Subject: Department of Public Health FY 99-00 & FY 00-01 Budget

This memo is in response to the request for a public hearing of the Finance and Labor Committee on February 9, 2000 to consider FY 99-00 and FY 00-01 budget issues and related matters. The Department has provided written information to the Budget Analyst on all of the questions outlined in the request. This memo outlines the response to the Committee on the remaining items requested:

State the impact of the Department's financial condition on Public Health and Community Health Network programs, including a status report on the hiring freeze, current staffing levels, planned or implemented reduction in service and delays in implementing planned programs, including UCSF contracted programs.

No emergency, acute services, or chronic care services have been denied to patients in need of these services due to the Department's financial condition. However, in some instances, patients may need to wait longer for services than if funding was available to provide full staffing. No contract services have been reduced in this fiscal year.

The Department has imposed a selected hiring freeze in non-patient care areas and in administrative functions. Staffing ratios for clinical services are fixed by patient/staff ratios which are unaffected by the freeze. This is because the Department has the ability to backfill critical patient care nursing vacancies through the use of per diem and temporary nursing staff.

One-time expenditure savings will be accrued from late start-up of new programs in supportive housing, substance abuse, and mental health. Late start-up is due to difficulties in locating appropriate sites, licensing and State certification delays, and in extended contract negotiations. In addition to savings from start up delays, we will achieve cost savings from reducing the use of professional services for consultation, financial services and auditing.

Materials and supplies savings will be realized through changes in materials management procedures, and one-time reductions in inventory which are possible through better inventory management.

For fiscal year 1999-00, the Department increased the budget for the UC contract by \$1.6 million. However, the cost to the University of California to provide medical and ancillary services at San Francisco General Hospital for the current year is \$1.3 million more than the amount budgeted in the current fiscal year. The Department has reduced its use of materials and supplies in the current year to absorb this increase expense. The University has also frozen vacant positions. Although no medical services have been cut, delays in hiring may increase delays for outpatient appointments. For the next fiscal year, the Department is working with the UC Dean's Office to determine the service and cost impact of this continued shortfall. For this fiscal year, there is no adverse impact on patient services that are provided through UC contract programs.

It should be noted that for next year's budget, the Department will propose service re-configurations that will focus on providing community-based services for clients who are appropriate for discharge, but remain in acute care services because of inadequate placement options. This will reduce our expenditures while providing better care to patients. New prevention, community based treatment, housing, and sub-acute programs will be developed to reduce the lengths of stay and prevent re-hospitalizations. Portions of the Department's workforce will be re-deployed to these new programs in order to meet the clinical needs of patients served. As such, many of these vacancies will be filled through the reassignment of existing staff.

If you have any questions, please call Monique Zmuda, Chief Financial Officer, at 554-2610.

cc: Matthew Hymel



Date: February 2, 2000

Memo To: Ken Bruce
Budget Analyst

From: Mitch Katz, MD
Director of Health

Re: Update on Pharmacy Operations at SFGH

Attached is an update of pharmacy operations at San Francisco General Hospital which addresses questions posed by Supervisor Ammiano, which will be discussed at next Wednesday's Finance Committee meeting.

**OUTPATIENT PHARMACY UPDATE FOR BOARD OF SUPERVISORS,
February 2, 2000**

Pharmacy Wait Times

Wait times, on average, is currently 3 hours. The volume of prescriptions has increased from an average of 1150 prescriptions on a weekday prior to August 1999, to 1280 prescriptions since August. It has been difficult to achieve the targeted average 2 hour wait time, due to the increase in volume.

Outpatient Pharmacy Staffing

Recruitment attempts for the four pharmacy technician and two pharmacists positions included advertisements in newspapers, state and local trade publications and newsletters, and posting on the Internet.

In late August and early September, pharmacy technician interviews and exams were held for over twenty qualified applicants. Just as offers were about to be made to the top applicants, it was learned that a staff member who shared the exam with an applicant had compromised the testing and interview process. The exam was therefore changed and the interview and testing process repeated. In early December, offers of employment were made to four pharmacy technicians. One pharmacy technician has been hired and has completed training; one pharmacy technician was hired, and resigned after two weeks of training; one pharmacy technician is awaiting clearance regarding his pre-employment physical examination; one pharmacy technician decided to withdraw his application after having accepted the position. Three of the four pharmacy technician positions for which additional funding was allocated in July 1999 are therefore still vacant. Additionally, two full time and one half time pharmacy technicians retired in December 1999, leaving the department with vacancies for 5.5 pharmacy technician positions. To be consistent with City practices for filling this large number of vacancies, the City Attorney's office has advised the department to use a Civil Service certified examination and interview process to fill these vacancies. Members for the expert panel to prepare the Civil Service examination have been identified and examination development is in process.

One of the two pharmacists' positions was filled in late December 1999, and the pharmacist is about to complete training. Due to the national shortage of pharmacists, and non-competitive salaries paid by the City for pharmacists, it has been difficult to attract qualified and suitable applicants. City and County pharmacists salaries are currently 10 to 15 per-cent lower than salaries paid by retail chain pharmacies. In contrast, the salaries of pharmacy technicians are very competitive. Recruitment efforts continue, however, and interviews continue to be held as applications are received.

Registry pharmacists and pharmacy technicians continue to be used until the vacancies can be filled with City and County personnel.

Additional Pharmacy Enhancements

In August 1999, eligibility criteria for patients to receive prescriptions at no cost was changed from 100% to 200% or lower of the Federal Poverty Level. For patients at or below 200% of the Federal Poverty Level, the \$2.00 per prescription co-payment requirement is eliminated.

Interviews for additional interpreters have been conducted. Approval from the Department of Human Resources to make an employment offer is pending. Interpreter Services continues to place the highest priority on requests from the pharmacy.

An enhanced patient call-board to alert patients that their prescriptions are ready has been received by the hospital. It is currently being tested to assure that the interface with the outpatient pharmacy computer system operates as expected. Installation is scheduled immediately following completion of testing. Vendors for telephone systems that interface with the outpatient pharmacy computer system continue to be interviewed. In the interim, the existing telephone and refill lines have been enhanced for more "user friendliness" (e.g. options have been added for patients calling from rotary telephones.)

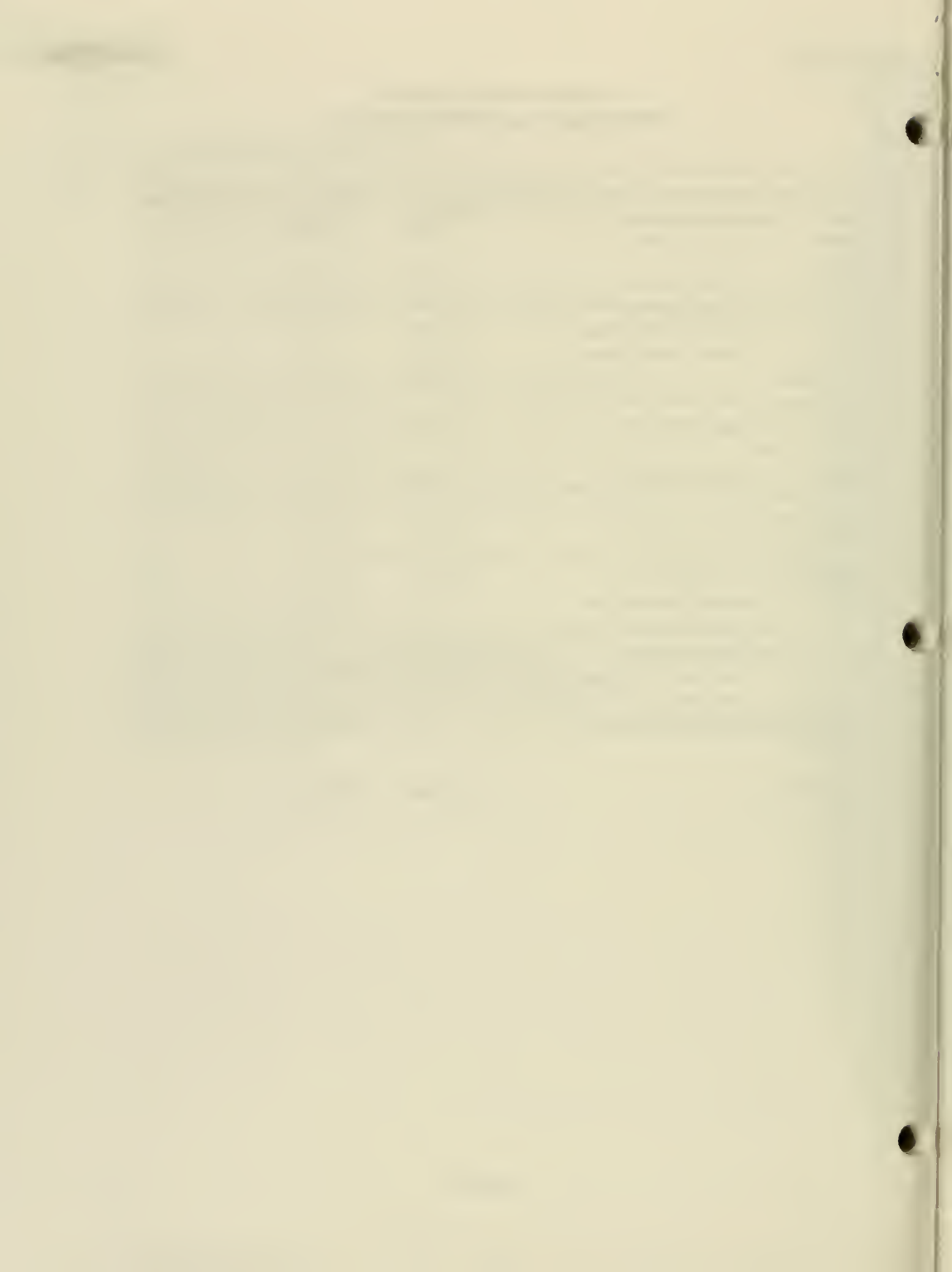
Pharmacy registry continues to be used to maintain staffing levels necessary to provide service.

Distribution of Prescriptions in Clinics/Non-prescription Drugs Issued at No Cost

The list of non-prescription drugs that will be issued at no cost to patients was finalized the hospital's Pharmacy and Therapeutics Committee in January 2000, and was implemented on February 1, 2000. Some of the non-prescription drugs will be dispensed directly to patients by the health clinics, decreasing the volume of prescriptions filled by the outpatient pharmacy.

Department of Public Health
FY 00/01 Capital and Facilities Maintenance

Site	Project Description	Approved 99/00	Request 00/01
LHH	Facilities Maintenance	225,000	385,445
	Fire Alarm Replacement	843,000	639,555
	Main Bldg Roof Replacement	924,000	0
	Additional Private Rooms	100,000	N/A
	<i>Total LHH</i>	<i>2,092,000</i>	<i>1,025,000</i>
PHP	Facilities Maintenance	40,000	50,000
MH	Facilities Maintenance	40,000	50,000
PCC	Facilities Maintenance	210,000	225,000
SFGH	Facilities Maintenance	1,440,000	1,388,000
	4C Wound/Infusion Care	N/A	112,000
	6B Finish Upgrades	0	150,000
	Lifesafety Corrections	150,000	0
	<i>Total SFGH</i>	<i>1,590,000</i>	<i>1,550,000</i>
SB 1953	Alquist Seismic Safety Act	0	2,050,000
DPH TOTAL		53,972,000	55,050,000



INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

00 JAN 31 PM 1:55

Time Stamp or
Meeting Date

I hereby submit the following item for introduction:

_____ 1. For reference to Committee:

An ordinance, resolution, motion, or charter amendment.

_____ 2. Request for next printed agenda without reference to Committee

X 3. Request for Committee hearing on a subject matter.

_____ 4. Request for letter beginning "Supervisor _____ inquires..."

_____ 5. City Attorney request.

_____ 6. Budget Analyst request.

_____ 7. Call file from Committee.

Sponsor(s): Supervisor Ammiano

SUBJECT: Department of Public Health FY 99-00' and 00-01' Budgets and Related Matters

The text is listed below or attached:

Requesting a February 9th hearing of the Finance and Labor Committee to consider the following issues related to the Department of Public Health:

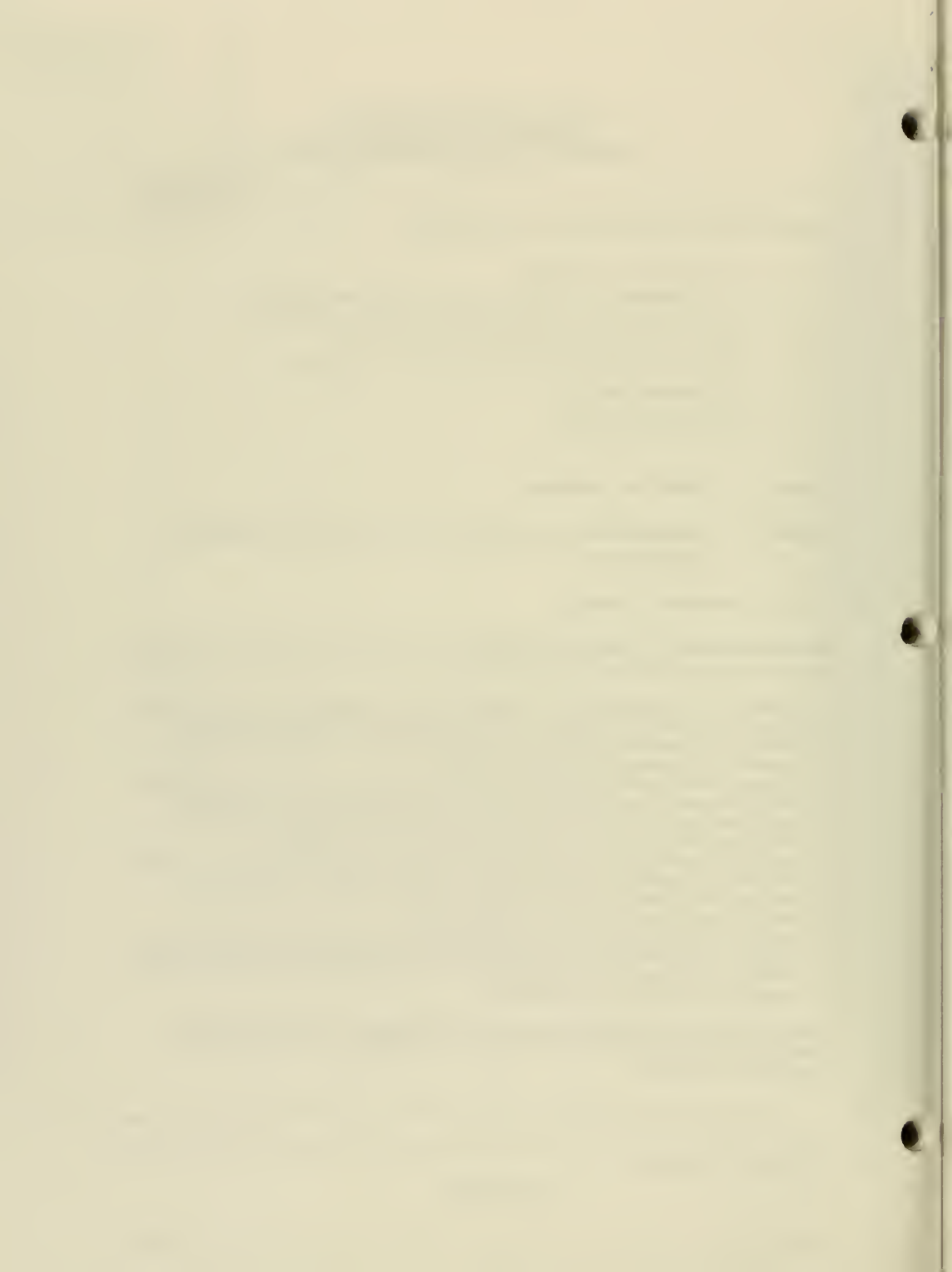
1. A review of the financial condition of the Department Public Health for FY 99-00, including projections of current year revenues, expenditures and required General Fund support;
2. Whether a supplemental appropriation will be needed by DPH for FY 99-00 and, if so, projections of the amount of such an appropriation;
3. The impact of the Department's financial condition on Public Health and Community Health Network programs, including a status report on the Department's hiring freeze, current staffing levels, planned or implemented reductions in service and delays in implementing planned programs, including UCSF contracted programs at DPH facilities;
4. A review of progress implementing Board-approved allocations for improvements to service in the Pharmacy, including proposed increases in staffing and capital improvements;
5. A review of San Francisco General Hospital's emergency room case load and wait times since the recent closure of Mt. Zion's emergency room;
6. A review of capital and maintenance expenditures made during FY 99-00, the current condition of the physical plant at San Francisco General Hospital and the Community Health Network, and the Department's entire list of pending or proposed capital expenditures; and
7. Projections for DPH's FY 00-01 budget; and

Further requesting that the Director of Public Health coordinate with the Mayor's Director of Finance and the Board's Budget Analyst to prepare a presentation on these matters for the Committee's consideration.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

000226



File No. 000224

Committee Item No. 9

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST*

Committee Finance and Labor

Date 2/9/00

Board of Supervisors Meeting

Date _____

Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |
| <input type="checkbox"/> | <input type="checkbox"/> | Exceeds 20 pages; see file to review |
| <input type="checkbox"/> | <input type="checkbox"/> | Sent to Board in advance of agenda preparation;
available for review at reception desk, City Hall, Room 244 |
| <input type="checkbox"/> | <input type="checkbox"/> | Other |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form _____ |
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| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

(Use back side if additional space is needed)

Late Agenda Items (documents received too late for distribution to the Committee Members)

- | | | |
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Completed by: Gail Johnson

Date 2/7/00

Date _____

*This list reflects the explanatory documents provided

Cmte Board

This image shows a blank sheet of cream-colored paper designed for writing or drawing. On the left side, there are two vertical columns of small, empty squares, each column containing 20 squares. The rest of the page is filled with horizontal ruling lines, providing space for text or illustrations.

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

00 JAN 31 PM 2:44

Time Stamp or
Meeting Date

I hereby submit the following item for introduction:

- ☐ 1. For reference to Committee:
An ordinance, resolution, motion, or charter amendment.
- ☐ 2. Request for next printed agenda without reference to Committee
- ☒ 3. Request for Committee hearing on a subject matter.
- ☐ 4. Request for letter beginning "Supervisor _____ inquires...".
- ☐ 5. City Attorney request.
- ☐ 6. Call file from Committee.
- ☐ 7. Budget Analyst request (by motion).
- ☐ 8. Legislative Analyst request.

[Note: For the Imperative Agenda (a resolution not on the printed agenda, use a different form.)]

Sponsor(s): Supervisors Ammiano

**SUBJECT: Requesting a hearing before the
February 9th, 2000 meeting of the Finance and Labor Committee
to consider the City Attorney's Quality of Life Enforcement
Program and steps toward implementing the program.**

See attached file

Signature of Sponsoring Supervisor: _____

Tom Ammiano

For Clerk's Use Only:

000224



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman, Tom Ammiano

City Hall
 1 Dr. Carlton B.
 Goodlett Place
 San Francisco, CA
 94102-4689

Clerk: Mary Red

Wednesday, February 16, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:08 a.m.

DOCUMENTS DEPT.

FEB 23 2000

SAN FRANCISCO
 PUBLIC LIBRARY

000094 [Reserved Funds, Mayor's Office of Community Development]

Hearing to consider release of reserved funds, Mayor's Office of Community Development (1999 Community Development Block Grant: Resolution No. 90-99) in the amount of \$100,000 to be allocated to the San Francisco Housing Authority for its Census 2000/TURF project. (Mayor)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

2/2/00, CONTINUED. Heard in Committee. Consideration continued to February 9, 2000. Speakers: Ken Bruce, Budget Analyst; Pam David, Director, Mayor's Office of Community Development; Buddy Choy, Deputy Administrator, Housing Authority; Dan Fang, City Census Liaison, City Administrator's Office; Supervisor Yee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pam David, Director, Mayor's Office of Community Development; Buddy Choy, Deputy Administrator, Housing Authority; Supervisor Yee; Anastasia Yovanapoulos, S.F. Tenants Union; Marc Salomon, Valencia Gardens. Amended to release \$99,869.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000107 [Approval of 10-year lease with Information Network Radio, Inc. for Roundhouse One Building, 1500 Sansome Street at The Embarcadero]

Resolution approving lease agreement with Information Network Radio, Inc. and the City and County of San Francisco operating by and through the San Francisco Port Commission for Roundhouse One Building, at Sansome and The Embarcadero, San Francisco, California. (Port)

1/18/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Veronica Sanchez, Port.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000144 [Selling of tax-defaulted (longer than 5 years) real property at public auction]

Resolution authorizing the Tax Collector to sell at public auction certain parcels of tax-defaulted real property. (Treasurer-Tax Collector)

1/19/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Francis Nguyen, Tax Collector's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Ammiano, Yee, Bierman

992281 [Subdivision Code, Conversion]

Supervisor Bierman

Ordinance amending Subdivision Code Articles 1, 2, 3 and 9, by amending Sections 1302, 1308, 1388, and 1396, and by adding Section 1316, to prohibit tenancies-in-common where an exclusive right of occupancy exists but is not specified in the deed, to amend the annual condominium conversion requirements pertaining to tenants and owner occupants, to amend the definition of tenant, to exempt certain tenancies-in-common from the annual limit on condominium conversions, to create a special lottery process for purchasing tenants; and to amend other definitions to implement these measures.

(Amends Sections 1302, 1308, 1388, and 1396; adds Section 1316.)

12/13/99, ASSIGNED UNDER 30 DAY RULE to Transportation and Land Use Committee, expires on 1/12/2000

1/24/00, SUBSTITUTED. Submitted by Supervisor Bierman in board, bearing new title

1/25/00, RECEIVED AND ASSIGNED to Transportation and Land Use Committee. President waived the 30 day rule on 1/26/00

2/10/00, TRANSFERRED to Finance and Labor Committee

Heard in Committee. Speakers: Supervisor Bierman, Susan Cleveland, Deputy City Attorney, Supervisor Ammiano; In Support: Ted Gullicksen, S.F. Tenants Union, Peggy Bridgeman, Sally Green, Senior Housing Collaborative; Susanne Ellis; Joe Lacey; Kathy Lipscom; Peter Chin; Norman Rolfe; Mark Salomon; Tim Kingston; Jada Campos; Bao Yan Chan; Qi Gung Yan; Tan Chow, Chinatown Community Development Center; Yan Qi Kong; Collette Cage; Jerry Threet; Bobbi Garcia, Asian Law Caucus; Gerda Fiske; Constance Buck; Gianni Incardona; Rebecca Logue-Bovee; Gen Fujioka; Miguel Wooding, Sarah Short, Tendorloin Housing Clinic; Calvin Welch; Elsa Cordoney; Robert Sykes, Chris Dittenhafer; George Wong, Marie Harrison; Robert Haaland; Khin Mai Aung, Asian Law Caucus, Anastasia Yavanopoulos, Beryl Magilavy; Arron Peskin, Telegraph Hill Dwellers. Opposed: Janan New, S.F. Apartment Association; Joe Capko; Jim Fabris, S.F. Association of Realtors; Andrew Zacks, Attorney; Tommy Tang, Dave Cunningham, J.B. Alegiani; Tom Ramon; Barbara Clemans; Larry Shane; Marian Halley; Kim Strucker; Linda Dunn, Russ Chartiney; Lou Legnitto; Andrew Long; Garry Briggs; Peter Holden; Bill Quan; Lena Emmory; Ron Dudum, Karen Crommie; John Rumble; Mike Mooney; Brook Turner, Coalition for Better Housing. Amendment of the Whole.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

To Board March 6, 2000.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano

Excused: 1 - Yee

000068 [Authorizing the creation of a new account in the City Treasury for the deposit of Tobacco Settlement Revenue]

Ordinance amending Administrative Code by adding Section 10.117-90 establishing the Tobacco Settlement Revenue Account. (City Attorney)

(Companion measure to File 000069)

1/7/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ted Lakey, Deputy City Attorney; Tangerine Brighams, Department of Public Health; Supervisor Yee; Karen Licavoli, American Lung Association.

Amendment of the Whole reflecting annual review by the Board of Supervisors.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**000132 [Tobacco Settlement Money]
Supervisor Newsom**

Hearing to receive an update on timelines and anticipated amounts and uses for the tobacco settlement money.

1/18/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Bierman, Ammiano

Absent: 1 - Yee

**000223 [North Mission park site]
Supervisor Ammiano**

Hearing to consider the status of the City's efforts to acquire a property located at 45 Hoff Street to be converted into a city park.

1/31/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Sponsor requests this matter be considered at the February 9, 2000 meeting.

Heard in Committee. Speakers: Supervisor Ammiano; Deborah Learner, Recreation and Park Department; Tony DeLucchi, Real Estate Department; Marc Salomon; Ethel Duggan; Betty Tranner; Eric Potashner, representative, Assemblywoman Carol Migden's Office.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000225 [Campaign fundraising and expenditure activities in the 1999 mayoral race and related matters]
Supervisor Ammiano

Hearing to consider the level and types of campaign financing and expenditure activity in the 1999 municipal and runoff elections for Mayor and related matters, including fundraising, expenditure and related campaign activities undertaken by candidate campaigns, independent expenditure committees by parties with business approved and/or pending before City departments, boards and commissions and/or the Board of Supervisors and the Mayor; court rulings affecting San Francisco voter-approved campaign finance laws and City Attorney interpretations thereof; the adequacy of current state and local laws governing reports of contributor and expenditure activity by candidate, independent expenditure, political party and other committees; and potential remedies to limit the influence of special interest and large contributors on the outcome of elections and policy decisions of the City and County.

1/31/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Supervisor Ammiano, Ginny Vida, Executive Director, Ethics Commission, Michael Mooney, S. F. Common Cause; Beryle Magilavy, Leslie Abbott, Local 21; Barbara Blong, S.F. Green Party; Charles Marsteller, S.F. Common Cause; Daniel Murphy, Rescue MUNI; Supervisor Bierman, Marc Salomon; Robert O'Malley; Ernestine Wise, David Grace, Supervisor Bierman, Dr. Joan Mandle, S.F. Common Cause; Marie Harrison; Jerry Threet, Harvey Milk Club; Doug Comstock; Willie Radcliff, Bayview Newspaper. Supervisor Ammiano requested that the public hearing record be kept open.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned 1:57 p.m.

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2
23/09



City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman, Tom Ammiano

City Hall
1 Dr. Carlton B
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Wednesday, February 23, 2000

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

DOCUMENTS DEPT.

FEB 28 2000

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PUBLIC LIBRARY**

Meeting Convened

The meeting convened at 10:09 a.m.

000087 [CEQA Findings - San Bruno Jail No. 3 Replacement Project]

Resolution endorsing the Planning Commission's certification of the Final Environmental Impact Report and adopting environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with the approval of a design-build/finance contract and various other approvals related to the County Jail No. 3 replacement project. (Sheriff)

(Fiscal impact; Environmental Impact Report Addendum dated January 3, 2000; draft EIR published February 28, 1998; companion measure to File 000088.)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Micheal Hennessey, Sheriff; Mark Primeau, Director, Department of Public Works; Supervisor Yee; Ken Bruce, Budget Analyst's Office; Joanne Hoepfer, Deputy City Attorney; Monique Moyer, Mayor's Office of Public Finance; Jim Ruane, City Councilman, San Bruno, CA.; Chuck Zelnik; Carol Livingood; Annette Jacobs; Supervisor Bierman. Continued to March 1, 2000.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000088 [County Jail No. 3 Replacement Project]

Ordinance authorizing the Sheriff's Department, the Department of Public Works, the City Architect, the City Attorney's Office and the Mayor's Office of Public Finance to negotiate and enter into a design-build/finance contract with Prison Realty Trust for the County Jail No. 3 replacement project. (Sheriff)

(Fiscal impact; Companion measure to File 000087)

1/12/00, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Micheal Hennessey, Sheriff; Mark Primeau, Director, Department of Public Works; Supervisor Yee; Ken Bruce, Budget Analyst's Office; Joanne Hoepfer, Deputy City Attorney; Monique Moyer, Mayor's Office of Public Finance; Jim Ruane, City Councilman, San Bruno, CA.; Chuck Zelnik; Carol Livingood; Annette Jacobs; Supervisor Bierman. Continued to March 1, 2000.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000146 [Authorizing a 10-year lease between the City and Americana Apartments No. 2, a housing complex, for S.F. PUC land consisting of approximately 46,174 sq. ft. located in Fremont, Alameda County]
Resolution authorizing a 10-year lease of Public Utilities Commission land between the City and County of San Francisco and Americana Apartments No. 2 in Alameda County. (Public Utilities Commission)

1/21/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Gary Dowd, Public Utilities Commission; Supervisor Bierman; Ruben Goodman.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000187 [Authorizing the assignment of City's leasehold interest in the sublease of an off-street parking facility (at 5200 Geary Boulevard) owned by Merrill's Drug Centers to Parking Authority, which operated the premises since 1982]

Resolution approving assignment of the City and County of San Francisco's interest in that certain lease with Merrill's Drug Centers to the Parking Authority of the City and County of San Francisco. (Real Estate Department)

1/28/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Tony DeLucchi, Department of Real Estate; Bob Davis, Director, Parking Authority; Supervisor Yee

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 000229 [Reserved Funds, Port Commission]

Hearing to consider release of reserved funds, Port Commission (S.F. Harbor Operating Fund Loan Revenue; Ordinance No. 40-98), in the amount of \$2,601,500 to fund the design and construction of Hyde Street Fishing Harbor project at the Port of San Francisco. (Port)

2/2/00, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office, Veronica Sanchez, Port of S.F., Lloyd Schlagel.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

000260 [Federal Environmental Impact Report on the Resuse of Hunters Point Shipyard]**Supervisor Ammiano**

Hearing to consider the Federal Environmental Impact Report on the Reuse of the Hunters Point Shipyard and related matters; such as, mitigation measures, employment issues, alternative transportation program, accountability of the Transportation Management Agency, the role of the Redevelopment Agency.

2/7/00, RECEIVED AND ASSIGNED to Transportation and Land Use Committee.

2/16/00, TRANSFERRED to Finance and Labor Committee. Sponsor requests this item be scheduled for consideration at the February 23, 2000 meeting.

Heard in Committee. Speakers: Jim Morales, Executive Director, Redevelopment Agency; Supervisor Ammiano; Hilary Gitelman, City Planning Department; Monique Moyer, Mayor's Office of Economic Development; Lynn Brown, Community for a Better Environment; Saul Bloom; Chris Shirley; Alex Lantsberg, SAEJ; Dwayne Jones, Young Community Developers (YCD); Stan Smith, Board of Directors, YCD; Jesse Mason; Johnicon George, Bayview Merchants Association; Walter Johnson, S.F. Labor Council; James Bryant, A. Philip Randolph Institute; Nate Mason, Economic Opportunity Council; Mel Washington, President, Bayview Merchants Association; Robert Johnson; Carolyn Garrety, National Association of Women in Construction; Willie Kennedy; Pondell Glover; Terrell Smith, Bayview Cutting and Landscaping; Sophie Maxwell; Derek Smith; Supervisor Bierman; Barbara Banks, contractor; Caroline Washington, SAEJ; Marcus; Derek Gaskin; Mike Thomas; Michelle Daniels; Roland Web; Dianna Gage; Jimmie James, SLUG; Lashondra Price; Daryle; Lionel McGilberry; Ruben Goodman; Terry Chambliss; Mohammed Nuru; Ricky Jones; male; Marie Harrison; Debra Flowers.

FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

SPECIAL ORDER - 11:00 A.M.**000224 [Quality of life enforcement program]****Supervisor Ammiano**

Hearing to consider the City Attorney's quality of life enforcement program and steps toward implementing the program.

1/31/00, RECEIVED AND ASSIGNED to Finance and Labor Committee. Sponsor requests this matter be considered at the February 9, 2000 meeting.

2/9/00, CONTINUED. Continued to February 23, 2000.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 12:22 p.m.

